

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KEYFIELD INTERNATIONAL BERHAD (“KEYFIELD” OR “COMPANY”) DATED 26 MARCH 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com ("Website").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd ("M&A Securities"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Keyfield take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 26 March 2024 and will close at 5.00 p.m. on 3 April 2024. In the event there is any change to the timetable, Keyfield will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



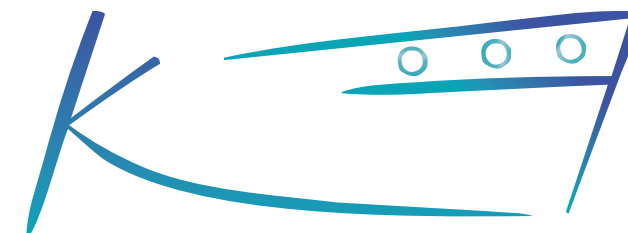
KEYFIELD INTERNATIONAL BERHAD
REGISTRATION NO. 202001038989 (1395310-M)
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)



PROSPECTUS

PROSPECTUS

THIS PROSPECTUS IS DATED 26 MARCH 2024



KEYFIELD INTERNATIONAL BERHAD

REGISTRATION NO. 202001038989 (1395310-M)
(INCORPORATED IN MALAYSIA UNDER THE COMPANIES ACT 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING PUBLIC ISSUE OF 208,960,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 40,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 24,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND CREW MEMBERS AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 73,194,900 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
- 71,765,100 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN SECTION 4.11.1 OF THIS PROSPECTUS, AT AN ISSUE PRICE OF RM0.90 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Underwriter and Joint Placement Agent

Joint Placement Agent



M&A SECURITIES SDN BHD
Registration No. 197301001503 (15017-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)



Investment Bank

MAYBANK INVESTMENT BANK BERHAD
Registration No. 197301002412 (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

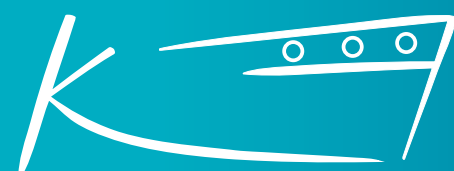
NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL OF OUR IPO, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING THE RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 230.



B-31-02, Tower B, Pavilion Embassy
No 200, Jalan Ampang
50450 Kuala Lumpur

Tel: 03-7972 9118

Email: admin@keyfieldoffshore.com

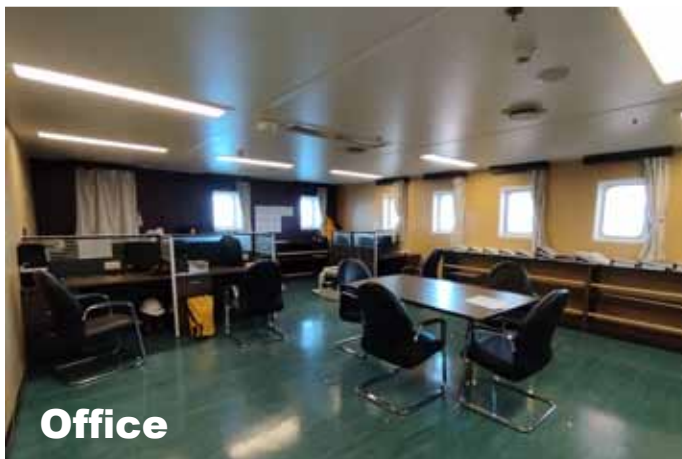
Website: <https://keyfieldoffshore.com/>



2 Men Cabin



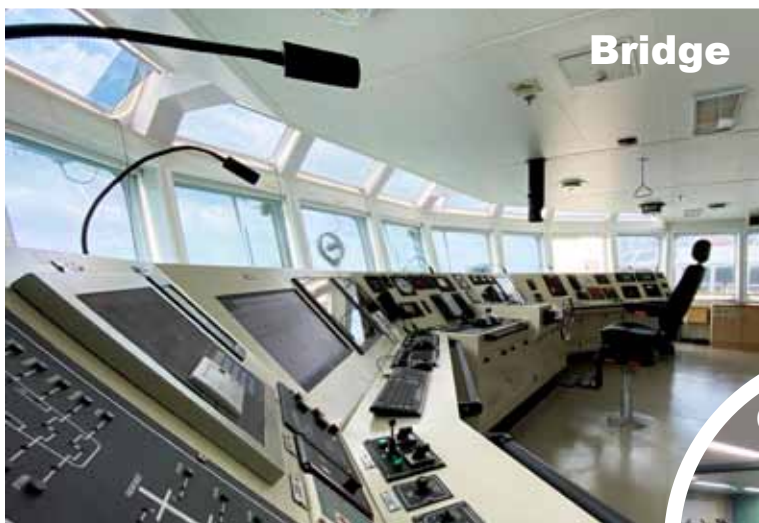
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Office



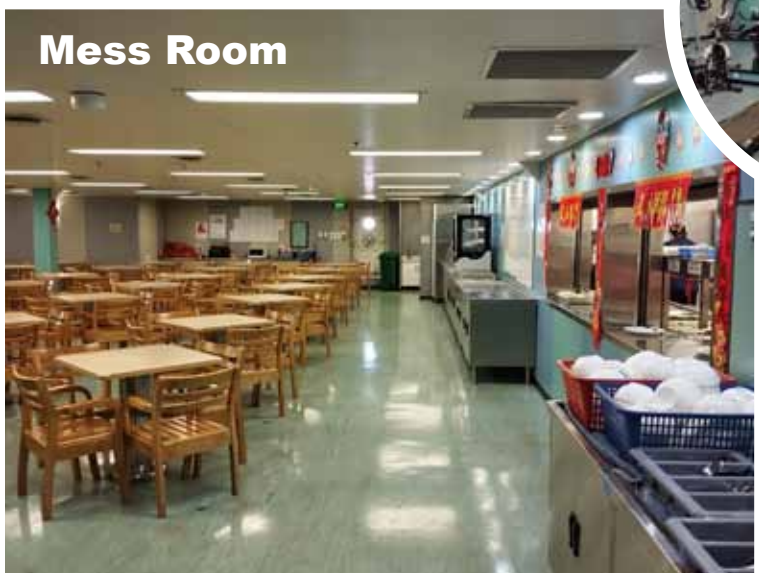
Meeting Room



Bridge



Hospital



Mess Room



Gym



Recreational Room

RESPONSIBILITY STATEMENTS

Our Directors and Promoters (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities Sdn Bhd, being the Principal Adviser, Underwriter and Joint Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of Maybank Investment Bank Berhad in our IPO is limited to being a Joint Placement Agent.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 7 February 2024. Our admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("CMSA") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Our Shares are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions. Neither we nor the Principal Adviser, Underwriter and Joint Placement Agents nor any other advisers in relation to the offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Forms and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Principal Adviser or Issuing House, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third-party internet sites (referred to as "Third-Party Internet Sites"), whether by way of hyperlinks or by way of description of the third-party internet sites, you acknowledge and agree that:

- (a) We and our Principal Adviser do not endorse and is not affiliated in any way with the Third-Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third-party internet sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (b) We and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, for fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under “Definitions” commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application	26 March 2024
Closing of Application	3 April 2024
Balloting of the Application	5 April 2024
Allotment of our IPO Shares to successful applicants	17 April 2024
Date of Listing	22 April 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities’ website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Keyfield" and the "Company" in this Prospectus are to Keyfield International Berhad (Registration No. 202001038989 (1395310-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 1 decimal place (for percentages) or dollar and sen for currency. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from our Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our services;
- (ii) Our business strategies;
- (iii) Our future earnings, cash flow and liquidity; and
- (iv) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 11 - Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

- “Keyfield” or “Company” : Keyfield International Berhad (Registration No. 202001038989 (1395310-M))
- “Keyfield Group” or “Group” : Keyfield and its subsidiaries and associated company, collectively

Subsidiaries

- “Keyfield Endeavour” : Keyfield Endeavour Sdn Bhd (Registration No. 202001006038 (1362358-X)), a 90%-owned subsidiary of Keyfield
- “Keyfield Geomarine” : Keyfield Geomarine Sdn Bhd (Registration No. 202101036282 (1436582-P)), a 51%-owned subsidiary of Keyfield
- “Keyfield Marine” : Keyfield Marine Sdn Bhd (Registration No. 201901038195 (1347525-U)), a wholly-owned subsidiary of Keyfield
- “Keyfield Offshore” : Keyfield Offshore Sdn Bhd (Registration No. 201301012999 (1042837-A)), a wholly-owned subsidiary of Keyfield
- “Keyfield Resolute” : Keyfield Resolute Sdn Bhd (Registration No. 202101011144 (1411443-H)), a wholly-owned subsidiary of Keyfield
- “Keyfield Serenity” : Keyfield Serenity Sdn Bhd (Registration No. 202201001639 (1447336-D)), a wholly-owned subsidiary of Keyfield

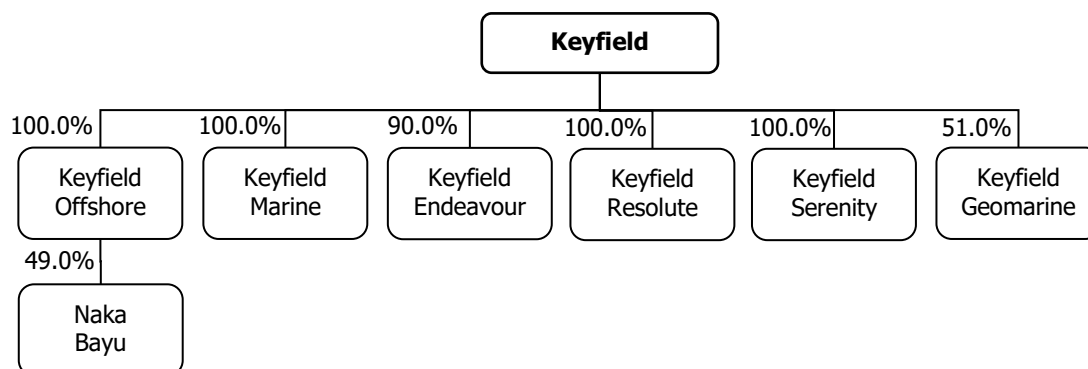
Associated company

- “Naka Bayu” : Naka Bayu Sdn Bhd (Registration No. 201601020855 (1191793-U)), a 49%-owned associated company of Keyfield Offshore

Former subsidiary

- “Keyfield Marine Limited” : Keyfield Marine Limited (Registration No. LL10564), a wholly-owned subsidiary of Keyfield Offshore. Keyfield Marine Limited was struck off in December 2022

A diagrammatic illustration of our Group structure is as follows:



DEFINITIONS (Cont'd)

AGREEMENTS:

- "First SPA" : The sale and purchase agreement dated 22 December 2020 between our Company and Keyfield Offshore for the acquisition by our Company of:
- (i) 100,000 ordinary shares representing the entire equity interest in Keyfield Marine for a cash consideration of RM1; and
 - (ii) 1 ordinary share representing the entire equity interest in Keyfield Endeavour for a cash consideration of RM1.

The First SPA was completed on 22 December 2020

- "Keyfield Resolute Capitalisation Agreement" : The capitalisation agreement dated 18 February 2022 between our Company, Lavin Group and Keyfield Resolute for the capitalisation of RM65,000,000 amount owing by Keyfield Resolute to Lavin Group by way of the following:
- (i) Issuance of 260,000,000 Keyfield CRNCPS at an issue price of RM0.25 each to Lavin Group; and
 - (ii) Issuance of 65,000,000 non-cumulative redeemable convertible preference shares in Keyfield Resolute at an issue price of RM1.00 each in Keyfield Resolute to Keyfield.

The Keyfield Resolute Capitalisation Agreement was completed on 18 February 2022

- "Letter of Shareholders' Loan" : The letter of shareholders' loan dated 7 May 2021 between our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquet whereby our Company and Maltiquet have agreed to provide shareholders' loan of RM27.0 million and RM3.0 million respectively, to finance the settlement of the acquisition of Falcon and the mobilisation cost and equipment purchase for Falcon.

The shareholders' loan was fully disbursed on 7 May 2021

- "Second SPA" : The sale and purchase agreement dated 23 December 2020 between our Company, Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria for the acquisition by our Company of the entire share capital of Keyfield Offshore for a purchase consideration of RM89,999,999, which was fully satisfied by the issuance of 179,999,998 new Shares at an issue price of RM0.50 each, to Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria.

The Second SPA was completed on 23 December 2020

DEFINITIONS (Cont'd)

- "Stratos MOA" : The memorandum of agreement dated 18 February 2022 between Keyfield Serenity and Stratos Vessel for the acquisition of Grace for a total purchase consideration of RM65.0 million, which was fully satisfied via issuance of 260,000,000 Keyfield CRNCPS at an issue price of RM0.25 each to Stratos Private Equity.
- The Stratos MOA was completed on 18 February 2022
- "Subscription Agreement" : The subscription agreement dated 7 May 2021 between our Company, Keyfield Endeavour, Keyfield Offshore and Maltquest for the subscription of 4,499,999 ordinary shares and 22,500,000 redeemable convertible preference shares by our Company and Keyfield Offshore in Keyfield Endeavour at an issue price of RM1.00 each whilst Maltquest shall subscribe 500,000 ordinary shares and 2,500,000 redeemable convertible preference shares in Keyfield Endeavour at an issue price of RM1.00 each.
- The Subscription Agreement was completed on 7 May 2021
- "Third SPA" : The sale and purchase agreement dated 18 February 2022 between our Company and Lavin Group for the acquisition by our Company of the entire share capital of Keyfield Resolute for a purchase consideration of RM12.5 million, which was fully satisfied by the issuance of 50,000,000 Keyfield CRNCPS at an issue price of RM0.25 each to Lavin Group.
- The Third SPA was completed on 18 February 2022
- "Underwriting Agreement" : The underwriting agreement dated 5 March 2024 entered into between our Company and M&A Securities pursuant to our IPO

PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP:

- "Darren Kee" : Dato' Kee Chit Huei, our Promoter, Substantial Shareholder and Executive Director / Group CEO. He is also the spouse of Kate Ooi
- "Kate Ooi" : Datin Ooi Soo Ping, our Promoter and Substantial Shareholder. She is also the spouse of Darren Kee
- "Lavin Group" : Lavin Group Sdn Bhd (Registration No. 201501001657 (1126989-U)), a Substantial Shareholder of our Company
- "MEAM Holdings" : MEAM Holdings Sdn Bhd (Registration No. 202001040715 (1397036-D)), our Promoter, is an investment holding company owned by Mohd Erwan
- "Mohd Erwan" : Mohd Erwan Bin Ahmad, our Promoter, Substantial Shareholder and Executive Director / Group COO
- "OM Ceria" : OM Ceria Sdn Bhd (Registration No. 202001034248 (1390569-D)), a Substantial Shareholder of our Company
- "Promoters" : Collectively, Darren Kee, Kate Ooi, Mohd Erwan and MEAM Holdings

DEFINITIONS (Cont'd)

"Substantial Shareholder(s)" : Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group, OM Ceria, Veritas Aman and MEAM Holdings

"Veritas Aman" : Veritas Aman Sdn Bhd (Registration No. 202001037583 (1393904-W)), a Substantial Shareholder of our Company

VESSELS OWNED/BAREBOAT CHARTERED BY OUR GROUP:

"Blooming Wisdom" : Blooming Wisdom, a Barge bearing IMO number 9771145, owned by Keyfield Offshore

"Commander" : Keyfield Commander, an AWB bearing IMO number 9411240, owned by Keyfield Resolute

"Compassion" : Keyfield Compassion, an AWB bearing IMO number 9754305, owned by Keyfield Resolute

"Daya Ceria" : Daya Ceria, an AHTS with accommodation facilities bearing IMO number 9680451, owned by Sea Steel Sdn Bhd and being bareboat chartered by Keyfield Offshore

"Daya Indah Satu" : Daya Indah Satu, an AHTS with accommodation facilities bearing IMO number 9776810, owned by Sea Steel Sdn Bhd and being bareboat chartered by Keyfield Resolute

"Falcon" : Keyfield Falcon, an AWB bearing IMO number 9779290, owned by Keyfield Endeavour

"Grace" : Keyfield Grace, an AWB bearing IMO number 9721205, owned by Keyfield Serenity

"Helms 1" : Keyfield Helms 1 (formerly known as Keyfield Helms), a PSV with accommodation facilities bearing IMO number 9787417, owned by Keyfield Offshore

"IMS Aman" : IMS Aman, an AWB bearing IMO number 9546526, owned by Keyfield Offshore

"Kindness" : Keyfield Kindness, an AHTS with accommodation facilities bearing IMO number 9809801, owned by Keyfield Offshore

"Lestari" : Keyfield Lestari (formerly known as Permata Arau 1), an AWB bearing IMO number 9742297, owned by Keyfield Offshore

"LS1" : Laguna Setia 1, an AWB bearing IMO number 9809899, owned by Keyfield Offshore

"LS2" : Laguna Setia 2, an AWB bearing IMO number 9898292, owned by Keyfield Marine

GENERAL:

"Act" : Companies Act 2016

"ADA" : Authorised Depository Agent

DEFINITIONS (*Cont'd*)

"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM(s)"	:	Automated Teller Machine(s)
"Board"	:	Board of Directors of Keyfield
"Bumiputera"	:	In the context of: (i) Individuals, Malays and aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) Companies, a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI: (a) registered under the Act as a private company; (b) its shareholders are 100.0% Bumiputera; and (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and (iii) Cooperatives, a cooperative whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"By-Laws"	:	By-laws governing the ESOS
"CAGR"	:	Compounded annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"Closing Date"	:	The date adopted in this Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto

DEFINITIONS (*Cont'd*)

"DDWG"	:	Due diligence working group for the purpose of our IPO
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"Equity Guidelines"	:	Equity Guidelines issued by the SC
"ESOS"	:	Employees' share option scheme
"ESOS Options"	:	Right of a Grantee to subscribe for new Shares pursuant to the contract constituted by the acceptance of an offer made in accordance with the terms and conditions of the offer and the By-Laws
"ESOS Committee"	:	The committee comprising Directors and key senior management appointed by the Board to administer the ESOS of our Company and governed by the By-laws
"FPE Sep"	:	Financial period ended 30 September
"FYE(s)"	:	Financial year(s) ended/ending 31 December, as the case may be
"FYEs and FPE Sep Under Review"	:	Collectively, FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023
"GP"	:	Gross profit
"Grantee(s)"	:	Eligible Director(s) or eligible employee(s) of our Group who has(ve) accepted the offer in accordance with the terms and conditions of the offer and the By-Laws
"Group CEO"	:	Group Chief Executive Officer
"Group CFO"	:	Group Chief Financial Officer
"Group COO"	:	Group Chief Operating Officer
"HSE"	:	Health, safety and environment
"ILO"	:	International Labour Organisation
"IFRS"	:	International Financial Reporting Standards
"IMO"	:	International Maritime Organisation

DEFINITIONS (Cont'd)

"IMR" or "Providence"	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Independent Market Research Report on the Accommodation Vessel Chartering Market in Malaysia, particularly on the Accommodation Work Boat Chartering Market in Malaysia"
"Initial Public Offering" or "IPO"	:	Our initial public offering via our Public Issue
"Internet Participating Financial Institutions"	:	Participating financial institutions for Internet Share Application as listed in Section 15
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue price of RM0.90 per Share pursuant to our Public Issue
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)" or "IPO Share(s)"	:	The new Share(s) to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"Joint Placement Agent(s)"	:	Collectively, M&A Securities and Maybank IB
"Keyfield CRNCPS"	:	Cumulative redeemable non-convertible preference shares in Keyfield. Kindly refer to Section 6.2.8(ii) for further details of the Keyfield CRNCPS
"KOL"	:	Keyfield Offshores Limited (Registration No. 1902934)
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM394,324,001 comprising 800,000,000 Shares on the Main Market
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue and Listing, collectively
"LPD"	:	29 February 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"m"	:	Metres
"m ² "	:	Square metres
"m ³ "	:	Cubic metres
"M&A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))

DEFINITIONS (Cont'd)

"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Main Market"	:	Main Market of Bursa Securities
"Maltiquest"	:	Maltiquest Sdn Bhd (Registration No. 201701040586 (1254759-K))
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maybank IB" or "Joint Placement Agent"	:	Maybank Investment Bank Berhad (Registration No. 197301002412 (15938-H))
"MCO"	:	Movement control order
"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of Investment, Trade and Industry Malaysia
"Moratorium Shareholder(s)"	:	Collectively, Darren Kee, Kate Ooi, Mohd Erwan and MEAM Holdings being shareholders of our Company whose Keyfield Shares will be subject to moratorium pursuant to Paragraph 5.29(a), Part II of the Equity Guidelines
"NA"	:	Net assets
"NBV"	:	Net book value
"Official List"	:	Means a list specifying all securities which have been admitted for listing on the Main Market and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application, as listed in Section 15
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PCSB"	:	PETRONAS Carigali Sdn Bhd (Registration No. 197801002266 (39275-U))
"PDA"	:	Petroleum Development Act 1974
"PETRONAS"	:	Petroleum Nasional Berhad (Registration No. 197401002911 (20076-K))
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 24,000,000 Issue Shares to our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group
"POET"	:	POET Shipbuilding & Engineering Pte Ltd (Registration no. 200710936R)

DEFINITIONS (Cont'd)

"Principal Adviser" or "Underwriter" or "Joint Placement Agent"	:	M&A Securities
"Prospectus"	:	This prospectus dated 26 March 2024 in relation to our IPO
"Public Issue"	:	The public issue of 208,960,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Share Split"	:	Share split exercise completed on 27 December 2021 whereby every 1 ordinary share in Keyfield was split into 2 Keyfield Shares
"Shares" or "Keyfield Shares"	:	Ordinary shares in Keyfield
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"SOP"	:	Standard operating procedure(s)
"sq ft"	:	Square foot/feet
"Stratos Private Equity"	:	Stratos Private Equity Limited (Registration No. LL14679)
"Stratos Vessel"	:	Stratos Vessel Sdn Bhd (Registration No. 202101019678 (1419978-T))
"SST"	:	Sales and Service Tax
"Subsequent Events"	:	Includes transactions and events after 30 September 2023 as shown in Note 4.1 of the Pro Forma Consolidated Statements of Financial Position in Section 13 of the Prospectus
"USA"	:	United States of America
"WCL"	:	Wisdom Creator Limited (Registration No. 134391) (formerly known as Keyfield OSV Limited)

CURRENCIES AND UNIT:

"%"	:	Per centum
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

TECHNICAL GLOSSARY:

4-point mooring system	:	A 4-point mooring consists of 4 identical mooring legs. Each mooring leg consists of an anchor, anchor chain, wire ropes, mooring buoy, crown buoy and rigging hardware
ABS	:	American Bureau of Shipping, a member of the IACS

DEFINITIONS (Cont'd)

Accommodation barge (Barge)	:	A flat-bottomed steel vessel used for the transportation of cargoes and for accommodation. It is not self-propelled and requires another vessel to tow it to the specified location
Accommodation work boat (AWB)	:	A type of self-propelled offshore support vessel which serve as a floating hotel or "floatel" that provides accommodation and various onboard amenities, services and facilities, as well as allow for transportation of cargoes, fuel and fresh water, offshore equipment and materials which are used onboard the AWB and in carrying out offshore oilfield activities
Accommodation vessel	:	A vessel which has accommodation facilities of varying capacities
Anchor handling tug supply (AHTS)	:	A type of self-propelled support vessel which is built to handle anchors and secure rigs in place as well as towing other offshore support vessels to location. It also allows for the transportation of supplies such as fuel and food
BHP	:	Brake horse power
BMS	:	Boat management system
BOSIET	:	Basic offshore safety induction and emergency training
Bridge	:	The bridge is the main control centre of the vessel, from where the Master of the vessel and officers are able to man the entire operations. It houses the maneuvering and navigation equipment, communication systems as well as miscellaneous features
BV	:	Bureau Veritas, a member of the IACS
Cabotage	:	In admiralty law, refers to restrictions on the provision of services and the shipment of goods or carriage of passengers between two points within a country by a vessel registered in another country, effectively reserving domestic shipping activities to a country's own flagged vessels. Permission to engage in cabotage is, in general, strictly restricted in every country
Campboss	:	A crew member who is in charge of managing the catering crew
Catering and housekeeping crew members	:	All workers hired for the purpose of carrying out onboard services such as catering, housekeeping and laundry services
Certificate of Competency (COC)	:	A certification required by marine crews to work onboard a vessel
Charterer	:	An entity chartering a particular offshore support vessel. A charterer is usually a PAC or oil and gas contractor
Chartering Contract	:	A contract, work orders, service order issued by our customers
Crew members	:	All workers hired for the purpose of carrying out onboard services such as catering, housekeeping and laundry, operation and maintenance of vessels and medical support services

DEFINITIONS (Cont'd)

Daily charter rates (DCR)	:	The amount of money it costs to hire a vessel for a day, as further described in Section 6.7.1(i)
Decommissioning	:	A stage of an offshore oilfield project where operation of offshore oil and gas platform at an oilfield site is ceased and returned to its original state. This involves the plugging of wells and severing of well casings, cleaning and removing of pipes, removal of offshore oil platforms and ensuring there are no debris or potential obstructions
Deepwater	:	Water depths of more than 120m
Document of Compliance (DoC)	:	A document issued to a vessel operator to certify compliance with the requirements of the ISM Code
Dry docking	:	A process by which a vessel is raised and placed on concrete blocks for inspection, repair and maintenance on its hull and flat bottom
Dynamic Positioning system (DP1 or DP2 system)	:	A computer-controlled system to automatically maintain a vessel's position and heading by using its propellers and thrusters. The dynamic positioning level (e.g. DP1, DP2) indicates the degree and redundant systems which are back-up systems to ensure continuous operation
Endurance	:	The number of days a vessel can operate offshore without replenishing fuel and supplies
Exploration and appraisal	:	A stage of an offshore oilfield project where identified sites potentially containing viable crude oil/ natural gas sources are examined in detail
Floatel or floating hotel	:	A term used to describe accommodation facilities and amenities located offshore
Hook-up and commissioning	:	A stage of an offshore oilfield project where major modifications take place in order to accommodate the full topside operation process, and satellite offshore oil and gas platforms surrounding the main offshore oil and gas platform may also be constructed
International Association of Classification Societies (IACS)	:	A non-governmental organisation which consist of 12 members of marine classification societies. Cargo carrying vessels, including AWBs, AHTS, PSV and Barges, are classified based on the classification standards set out by the members of IACS. These classification standards promote safety of life, property and environment primarily through the establishment and verification of compliance with technical and engineering standards for the design, construction and life-cycle maintenance of vessels and other marine-related facilities
International Safety Management Code (ISM or ISM Code)	:	A code set out to provide an international standard for the safe management and operation of ships and for pollution prevention

DEFINITIONS (Cont'd)

LOA(s) For Umbrella Contracts	:	Letter of Awards for Umbrella Contracts for our appointment as panel contractor by PCSB and PACs. Prior to the execution of the Umbrella Contract, the LOA For Umbrella Contract is a binding contract by itself
Major offshore oil and gas platform	:	Major offshore oil and gas platform refers to the main offshore oil and gas platforms at an oilfield site which is typically complete with facilities for well drilling and processing of crude oil and natural gas as well as lodging facilities
Marine crew members	:	Marine crew members refer to all workers hired for the purpose of carrying out the operation and maintenance of vessels and providing medical support services
MARPOL	:	International Convention for the Prevention of Pollution from Ships
Master	:	The Master of a vessel, which is a person on board and who has the overall command and responsibility for the operation of the vessel. The Master must have the necessary certificate of competency to operate and man the entire vessel's operation and authority to lead the entire crew. The Master is also referred to as the captain of the vessel
Megabytes per second (Mbps)	:	The size of file that can be uploaded or downloaded per second. This illustrates the speed of the Internet
Mooring	:	The process of securing a vessel at a position
MSO	:	Merchant Shipping Ordinance 1952
Offshore oil and gas platforms	:	Offshore oil and gas platforms are structures with facilities for well drilling to explore, extract, store, and process crude oil and natural gas
Offshore personnel	:	Personnel working on offshore oil and gas platforms who are usually hired by PACs or oil and gas contractors
Offshore support vessel	:	Offshore support vessels comprise all ships, boats or barges which are specially-designed to perform specific offshore operational activities for the upstream oil and gas industry
Offshore support vessel owners	:	Companies which own, operate and/or manage offshore support vessels
Oil and gas contractors	:	Companies which have secured a contract from PACs to provide engineering works to maintain, construct and/or modify offshore oil and gas platforms
OIM	:	Offshore Installation Manager
Offshore Support Vessel Inspection System (OSVIS)	:	An inspection protocol to assess the safety and environment performance of a vessel and its operators in a more effective and uniform manner

DEFINITIONS (Cont'd)

Offshore Vessel Inspection Database (OVID)	:	An inspection protocol designed by the Oil Companies International Marine Forum that will allow project and marine assurance teams to assess the safety and environment performance of a vessel and its operators in a more effective and uniform manner. Should a vessel meet the requirements under the inspection protocol, the said vessel will be given a "Green status"
Offshore Vessel Management and Self-Assessment (OVMSA)	:	A programme which has been developed as a guideline to help operators of offshore vessels to assess, measure and improve their management systems
PACs	:	Petroleum Arrangement Contractors, refers to companies which have been licenced by PETRONAS to undertake exploration and production activities
Persons-on-board	:	People onboard a vessel, consisting of both offshore personnel and crew members
Personnel transfer basket	:	A basket which can be lifted by crane to transfer offshore personnel between a vessel and an offshore oil and gas platform
PMS	:	Planned Maintenance System, a computer-based system which assists our staff to carry out periodic maintenance
Propulsion	:	The driving force of a vessel which typically involves engine and propeller systems
Platform supply vessel (PSV)	:	A vessel designed to supply goods, tools, equipment and personnel to and from oil and gas platforms. PSV has a large open deck area to store and allow for loading and unloading of supplies, tools, equipment and personnel
PTI	:	Power take-in inputs, which provides propulsion power to the shaft to boost the main engine with temporary extra power. It can also be used as an emergency backup machinery to propel the ship to the nearest shore if the main engine goes out of operation, thereby increasing the redundancy factor
RINA	:	Registro Italiano Navale, which is a member of the IACS
Safe working load	:	Safe working load refers to the maximum safe force that a lifting equipment, lifting device or accessory such as a crane can exert to lift, suspend, or lower, a given mass
Satellite offshore oil and gas platform	:	Satellite offshore oil and gas platform is a smaller offshore oil and gas platforms typically surrounding a main offshore oil and gas platform. This platform typically has facilities for well drilling, and does not have lodging facilities
Shallow waters	:	Shallow waters refer to water depths of up to 120m

DEFINITIONS (Cont'd)

Ship management services	:	Ship management services involve the operation of the vessels; upkeep and maintenance of the vessels including arranging for intermediate survey and special survey, repairs and maintenance; and ensuring the vessels are sea-worthy and operating at optimal conditions by obtaining the certification and accreditation from a classification society and/or potential charterer
Time charter	:	A charter whereby a vessel owner provides a vessel to a customer and is responsible for all finance costs and operating expenses except for fuel costs, which are borne by the charterer
Tonne or ton	:	A metric ton or tonne which is equivalent to 1,000 kilograms or 2,204.6 pounds
Topside operation and maintenance, and well services	:	Topside operation and maintenance, and well services is a stage of an offshore oilfield project where offshore oil and gas platform is constantly operated so that crude oil/ natural gas can be extracted from the oilfield site. In order to minimise downtime and ensure safe continuous operations, the equipment and infrastructure on offshore oil and gas platforms have to consistently undergo periodic maintenance. Wells, from which crude oil/natural gas is extracted, will also require well services such as coil tubings, to clean and remove the sludge from the wells and related piping
TMS	:	Tug Management System
Umbrella Contract(s)	:	The respective Umbrella Contract(s) pursuant to a LOA(s) For Umbrella Contract awarded by PCSB or PACs which allows panel contractors to directly participate in tenders issued by PCSB or the respective PACs. The Umbrella Contract(s) are in respect of SWEC Codes 21121510S which refers to the provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation /Construction/Barge. Further details are set out in Section 6.7.2
Upstream oil and gas industry	:	A segment of the oil and gas industry relating to exploration and production activities of crude oil and natural gas
VSAT	:	Very small aperture terminal is used in the transmission and receipt of data, voice and video signals over satellite communication network to enable internet connectivity and real-time vessel tracking system

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Address	Nationality
Haida Shenny Binti Hazri (F)	Independent Non-Executive Chairperson	4463, Lorong Lee Hin Neo 3 Ukay Heights 68000 Ampang Selangor	Malaysian
Dato' Kee Chit Huei (M)	Executive Director / Group CEO	25, Jalan Tasik 7 LakeFields, Sg Besi 57000 Kuala Lumpur	Malaysian
Mohd Erwan Bin Ahmad (M)	Executive Director / Group COO	72A, Jalan Setia Marina 3/3 Setia Ecogrades 63000 Cyberjaya Selangor	Malaysian
Julannar Binti Abd Kadir (F)	Independent Non-Executive Director	A3-16 City Garden Condominium Jalan Nirwana 1 68000 Ampang Selangor	Malaysian
Lim Chee Hwa (M)	Independent Non-Executive Director	4, Jalan TR8/2 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	Malaysian
Chia Chee Hoong (M)	Independent Non-Executive Director	46, Lorong Dungun Bukit Damansara 50490 Kuala Lumpur	Malaysian

Notes:

M refers to male
F refers to female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Julannar Binti Abd Kadir	Chairman	Independent Non-Executive Director
Lim Chee Hwa	Member	Independent Non-Executive Director
Chia Chee Hoong	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lim Chee Hwa	Chairman	Independent Non-Executive Director
Julannar Binti Abd Kadir	Member	Independent Non-Executive Director
Chia Chee Hoong	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (*Cont'd*)

NOMINATING COMMITTEE

Name	Designation	Directorship
Chia Chee Hoong	Chairman	Independent Non-Executive Director
Lim Chee Hwa	Member	Independent Non-Executive Director
Julannar Binti Abd Kadir	Member	Independent Non-Executive Director

REGISTERED OFFICE	: Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: 03-2783 9191
HEAD OFFICE	: B-31-02, Tower B, Pavilion Embassy No 200, Jalan Ampang 50450 Kuala Lumpur Telephone number: 03-7972 9118
EMAIL ADDRESS AND WEBSITE	: Email address: admin@keyfieldoffshore.com Website: https://keyfieldoffshore.com/
COMPANY SECRETARIES	: Law Mee Poo (SSM PC No. 201908002275) (MAICSA 7033423) (Chartered Secretary, Associate of the Chartered Governance Institute) Tan Lai Hong (SSM PC No. 202008002309) (MAICSA 7057707) (Chartered Secretary and Associate of Malaysian Institute of Chartered Secretaries and Administrators (ACIS)) Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: 03-2783 9191
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO	: Crowe Malaysia PLT (Registration No. 201906000005 & LLP0018817-LCA (AF 1018)) Level 16, Tower C Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone number: 03-2788 9999 Partner-in-charge: Chin Kit Seong Approval number: 03030/01/2025 J (Chartered Accountant, Malaysian Institute of Accountants, Fellow Member of Association of Chartered Certified Accountants)

1. CORPORATE DIRECTORY (*Cont'd*)

- PRINCIPAL ADVISER,
UNDERWRITER AND JOINT
PLACEMENT AGENT** : **M & A Securities Sdn Bhd
(Registration No. 197301001503 (15017-H))**
45 & 47, Levels 3 and 7
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone number: 03-2284 2911
- JOINT PLACEMENT AGENT** : **Maybank Investment Bank Berhad
(Registration No. 197301002412 (15938-H))**
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Telephone number: 03-2059 1888
- SOLICITORS FOR OUR IPO** : **Tay & Helen Wong**
Suite 703 Block F
Phileo Damansara I
No. 9 Jalan 16/11
46350 Petaling Jaya
Selangor
Telephone number: 03-7960 1863
- SHARE REGISTRAR AND
ISSUING HOUSE** : **Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone number: 03-2783 9299
- INDEPENDENT MARKET
RESEARCHER** : **Providence Strategic Partners Sdn Bhd
(Registration No. 201701024744 (1238910-A))**
67-1, Block D, The Suites Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor
Telephone number: 03-7625 1769
Executive Director: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and
Management) from Murdoch University, Australia)
- LISTING SOUGHT** : Main Market of Bursa Securities

2. APPROVALS AND CONDITIONS**2.1 APPROVALS AND CONDITIONS****2.1.1 SC**

The SC had, vide its letter dated 4 December 2023, approved our IPO and our Listing under Section 214(1) of the CMA, subject to the compliance with the following condition:

No.	Details of conditions imposed	Status of compliance
1.	Keyfield Group is required to obtain renewal of the Vessel Owner-Operator licence to supply product/service to exploration and oil/gas companies in Malaysia from PETRONAS upon its expiry, prior to the registration of Keyfield's prospectus; and	Complied
2.	M&A Securities and Keyfield to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	To be complied

The SC has also via the same letter approved the resultant equity structure of Keyfield under the equity requirement for public listed companies pursuant to our Listing. The effects of our Listing on the equity structure of Keyfield shall be as follows:

Category of shareholders	As at 31 May 2023		After Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	73,194,900 ⁽³⁾	9.1
- Bumiputera public investors via balloting	-	-	20,000,000 ⁽³⁾	2.5
- OM Ceria ⁽¹⁾	26,805,194	5.3	26,805,194	3.4
- Others ⁽²⁾	123,610,392	24.7	124,610,392	15.6
Total Bumiputera	150,415,586	30.0	244,610,486	30.6
Non-Bumiputera	350,624,414	70.0	555,389,514	69.4
Total Malaysians	501,040,000	100.0	800,000,000	100.0
Foreigners	-	-	-	-
TOTAL	501,040,000	100.0	800,000,000	100.0

Notes:

- (1) Shares held by OM Ceria which has been recognised by MITI as Bumiputera shareholdings vide letter dated 26 September 2023 which will form part of the 12.5% Bumiputera equity requirement.
- (2) Comprising shareholdings of Mohd Erwan, MEAM Holdings and Veritas Aman, which are not recognised by MITI.
- (3) Based on the assumption that all Shares allocated to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

2. APPROVALS AND CONDITIONS (Cont'd)**2.1.2 Bursa Securities**

Bursa Securities had vide its letter dated 7 February 2024 approved our admission to the Official List of the Main Market and the listing of and quotation for our entire enlarged issued share capital on the Main Market as well as new Shares to be issued upon exercise of the ESOS Options. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Keyfield and M&A Securities to make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements;	To be complied
2.	Keyfield and M&A Securities to furnish Bursa Securities on the first day of listing a copy of the schedule of distribution showing compliance with the public security holding spread requirements based on the entire issued share capital of Keyfield;	To be complied
3.	Keyfield and M&A Securities to submit a confirmation to Bursa Securities on the full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and together with the disclosure on the effective date of implementation;	To be complied
4.	Keyfield and M&A Securities to submit a copy of the By-Law together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements; and	To be complied
5.	Keyfield and M&A Securities to provide a summary of the total number of shares listed on a quarterly basis pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

2.1.3 Approval from MITI

The MITI had, vide its letter dated 26 September 2023, taken note and has no objection to our Listing and had recognised the 26,805,194 Shares held by OM Ceria as Bumiputera shareholdings.

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2. APPROVALS AND CONDITIONS (*Cont'd*)

2.2 MORATORIUM ON OUR SHARES

2.2.1 Moratorium on shareholdings of Moratorium Shareholders

Pursuant to Paragraph 5.29(a), Part II of the Equity Guidelines, our Moratorium Shareholders will not be allowed to sell, transfer or assign any of their holdings in our Company for a period of 6 months from the date of our Listing (the said 6 months has been defined as the "Moratorium Period").

Details of our Moratorium Shareholders and its Shares which will be subject to the abovementioned moratorium, are set out below:

Moratorium Shareholders	No. of Shares	(1)%	No. of ESOS Options	(2)%
Darren Kee	181,468,570	22.7	2,800,000	0.3
Kate Ooi	34,474,026	4.3	1,000,000	0.1
Mohd Erwan	54,610,392	6.8	2,800,000	0.3
MEAM Holdings	26,000,000	3.2	-	-
	296,552,988	37.0	6,600,000	0.7

Notes:

(1) Based on the enlarged share capital of 800,000,000 Shares after the IPO.

(2) Based on the enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options.

The moratorium has been fully accepted by our Moratorium Shareholders, who have provided written undertaking that they will not sell, transfer or assign their shareholding under moratorium during the Moratorium Period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Moratorium Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

The shareholder of MEAM Holdings, namely Mohd Erwan has undertaken not to sell, transfer or assign his shareholdings in MEAM Holdings during the Moratorium Period.

Darren Kee, Kate Ooi and Mohd Erwan are not allowed to sell, transfer or assign any Shares that they are issued from the exercise from the ESOS Options granted to them during the Moratorium Period.

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2. APPROVALS AND CONDITIONS (*Cont'd*)

2.2.2 Moratorium on shareholdings of Substantial Shareholders

Lavin Group and Veritas Aman, our Substantial Shareholders, have voluntarily agreed to place its entire shareholdings under moratorium for a period of 6 months from the date of our Listing. They have provided the written undertakings to the SC that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

Details of Lavin Group and Veritas Aman as well as their Shares which will be subject to the Moratorium Period, are set out below:

Shareholders	No. of Shares	(1)%
Lavin Group	216,181,818	27.0
Veritas Aman	44,000,000	5.5
	260,181,818	32.5

Note:

(1) Based on the enlarged share capital of 800,000,000 Shares after the IPO.

The shareholders of Lavin Group, namely Calvin Lau Chuen Yien and Ong Yock Lian have undertaken not to sell, transfer or assign their shareholdings in Lavin Group during the Moratorium Period.

The shareholder of Veritas Aman, namely Ikhlas Bin Kamarudin has undertaken not to sell, transfer or assign his shareholding in Veritas Aman during the Moratorium Period.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

No. of Shares to be issued under the Public Issue	
- For application by the Malaysian Public ⁽¹⁾	40,000,000
- For Pink Form Allocations	24,000,000
- For private placement to selected Bumiputera investors approved by MITI	73,194,900
- For private placement to selected investors	71,765,100
No. of Shares to be issued assuming full exercise of ESOS Options offered in conjunction with the Listing	28,000,000
Enlarged number of Shares upon Listing	800,000,000
Enlarged number of Shares upon Listing and exercise of ESOS Options	828,000,000
IPO Price per Share (RM)	0.90
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing)	720,000,000

Note:

⁽¹⁾ Including 20,000,000 Issue Shares made available to Bumiputera public investors.

Our Moratorium Shareholders' entire shareholdings in our Company after IPO will be under moratorium for 6 months from the date of Listing. Lavin Group and Veritas Aman, our Substantial Shareholders, have voluntarily agreed to place its entire shareholdings under moratorium for 6 months from the date of Listing.

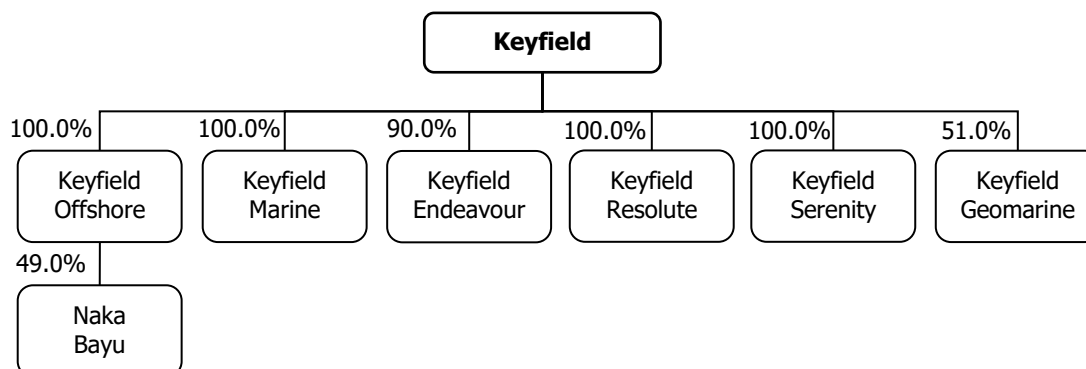
Further details on the moratorium on our shares are set out in Section 2.2.

Further details on our IPO are set out in Section 4.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 30 November 2020 under the name of Keyfield International Sdn Bhd as a private limited company under the Act. We converted into a public limited company on 31 December 2020 and assumed our present name. We are an investment holding company and were incorporated as a special purpose vehicle to facilitate the Listing.

Our group structure as at the LPD is as follows:



3. PROSPECTUS SUMMARY (Cont'd)

Keyfield is an investment holding company and through our subsidiaries, we are principally involved in the following:

- (i) Chartering of own accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services; and
- (ii) Chartering of third party accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services.

Our business model can be summarised as follows:

Principal activities	Revenue model	Customer segments
(i) Chartering of own accommodation vessels and provision of related onboard services	(i) Chartering revenue ⁽¹⁾	- PCSB and PACs - Oil and gas contractors - Other offshore support vessel owners
(ii) Chartering of third party accommodation vessels and provision of related onboard services	(ii) Catering and laundry service revenue ⁽²⁾	
	(iii) Other revenue ⁽³⁾ from additional services or equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys	

Notes:

- (1) Chartering revenue from our own and third party vessels, based on the contracted DCR multiplied by the number of days during which these vessels operate. The DCR is for the usage of the vessels as an accommodation, utility and/or maintenance vessel, including services such as its operation and maintenance, housekeeping and medical services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. Other components of chartering revenue are mobilisation fee and demobilisation fee for situating the vessel to and from the on/off-hire port. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers.
- (2) Catering and laundry service revenue from our own and other third party vessels. Catering income is recognised upon the rendering of catering services such as provision of food and beverages and laundry services to customers over the duration of the charter hire period. Catering and laundry service revenue is dependent on the number of passengers on board the vessels, which may subject to a minimum charge and the number of days which the vessel is on-hired.
- (3) Other service income arising from services related to the vessels such as VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

Further details of our Group and our business model are set out in Section 6.

For the FYEs 2020 to 2022 and FPE Sep 2023, revenue from the charter of vessels constituted between 78.4% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

For the FYEs 2020 to 2022 and FPE Sep 2023, the chartering of own accommodation vessels and provision of related onboard services constituted 25.7%, 36.5%, 63.7% and 67.5% respectively of our Group's annual revenue. Meanwhile, the chartering of third party accommodation vessels and provision of related onboard services constituted 74.3%, 63.5%, 36.3% and 32.5% respectively of our Group's annual revenue.

3. PROSPECTUS SUMMARY (Cont'd)

For the FYE 2020, all our revenue was derived from Malaysia. In FYE 2021, 93.4% of our revenue was derived from Malaysia while remaining 6.6% was from the Philippines. In FYE 2022, 98.3% of our revenue was derived from Malaysia while remaining 1.7% was from the Philippines. In FPE Sep 2023, 99.8% of our revenue was derived from Malaysia while remaining 0.2% was from Thailand.

3.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (i) As a Malaysian owner and operator of vessels, we are well-positioned to leverage on PETRONAS licence as well as Malaysian cabotage policies which are meant to give preference to Malaysian-owned vessels in bidding and winning Chartering Contracts in respect of SWEC code 21121510S. We own 11 Malaysian-flagged accommodation vessels. We were also awarded LOAs For Umbrella Contracts and Umbrella Contracts by PCSB and PACs. This provides us with an advantage over foreign competitors and non-PETRONAS licenced Malaysian vessel owners and/or operators.
- (ii) We specialise in offshore accommodation, therefore we are less susceptible to the cyclical nature of the oil and gas industry, as compared to offshore support vessel owners/operators of vessels that serve only specific offshore oilfield stages. Further, chartering of our vessels involves the offering of various related onboard services such as catering, housekeeping, laundry and medical support services. This allows us to earn from additional revenue streams by offering these services to our customers.
- (iii) We own a fleet of vessels with different available accommodation capacities and features which enable us to meet the demand for different segments of offshore accommodation across different market segments. In addition, the ability to run different types of systems allows us to further expand our business and cater for oilfield projects in different locations, as our fleet is now able to operate in different sea environments.
- (iv) As detailed in the IMR Report in Section 7, the industry average age for AWBs is 10 years old, whereas, the average age of our AWBs is 8 years old as at the LPD. As such, our own vessels are relatively younger than the industry average age in Malaysia. This provide us with the competitive advantage in securing Chartering Contracts and in attracting and retaining highly skilled marine crew members as the crew members prefer to work onboard of vessels with modern accommodation, facilities and amenities. Owing to that, we have been able to maintain the reliability and quality of our chartered vessels and related services.
- (v) We have an experienced and dedicated management team. Our Group CEO's and Group COO's collective experience also allow them to promptly tend to any need for maintenance and/or repair. Through their network, they can source for spare parts within the required timeframe. This allows us to minimise downtime for our vessels. The combination of our key management team's experience and expertise have been integral to our success, and will continue to be a key growth factor in our future development.

Further details of our competitive strengths are set out in Section 6.8.

3.4 BUSINESS STRATEGIES

A summary of our business strategies are set out below:

- (i) We intend to strengthen our market position through fleet expansion via acquisition(s) of accommodation vessels while carefully assessing the activity outlook for the Malaysian oil and gas industry. We will further ensure that the technical specifications of the additional accommodation vessels align with the technical and operational requirements of our current and/or prospective charterers. We plan to expand our fleet through (a) acquiring completed accommodation vessels which are put up for sale. We had in January 2024, acquired IMS Aman from Khas Jejaka Sdn Bhd, a subsidiary of Muhibbah Engineering (M) Bhd for a purchase consideration of RM34.8 million via our internally generated funds; (b) Entering into a shipbuilding contract with suitable shipbuilder(s) to build new accommodation vessel(s). The

3. PROSPECTUS SUMMARY (*Cont'd*)

estimated cost to build a new accommodation vessel with features currently ranges from USD28.0 million to USD35.0 million (equivalent to RM133.3 million to RM166.6 million based on the exchange rate as at LPD). We intend to fund the above via our internally generated funds and future debt or equity fundraising exercises.

We expect to acquire a newly built accommodation vessel (to be identified) for a total estimated cost of up to USD35.0 million (equivalent to RM166.6 million based on the exchange rate as at LPD) over the next 2 years from our Listing.

- (ii) As part of our expansion plan, we had broadened our service offerings to include the chartering of AHTS and PSV, which may also be utilised as smaller accommodation vessels. In line with this plan, we had acquired Kindness and Helms 1, both of which are an AHTS and PSV respectively. Further, we have obtained the additional SWEC codes (a) 21121511S (Anchor Handling Tug (AHT)/ Anchor Handling Tug & Supply (AHTS)/ Tow Tug Boat); and (b) 21121518S (Platform Supply Vessel (PSV)).

This enables us to respond to request for proposals on projects by oil and gas contractors which require the use of an AHTS or PSV. It will also enable us to participate in invitation to bid to be a panel contractor to PCSB and PACs in respect of AHTS and PSV. This is expected to augur well for our future prospects as it will broaden our service offerings to PCSB and PACs, while generating an additional revenue stream. Further, the provision of AHTS is complementary to the provision of AWBs and Barges to our customers as AHTS is required for anchor deployment and retrieval as well as the towing of Barges. We expect to acquire a new AHTS with similar specifications to Kindness (to be identified) for a total estimated cost of up to USD11.0 million (equivalent to RM52.4 million based on the exchange rate as at LPD) via our own internally generated funds over the next 2 years from our Listing.

- (iii) We plan to continuously enhance our own vessels' capabilities in alignment with industry trends and our sustainability agenda. In pursuit of this objective, we plan to undertake the initiatives, such as (a) Installing food composting systems onboard our own vessels to make our own fleets more marketable; (b) Installing solar panels onboard our own vessels to achieve energy and cost savings; (c) Installing a DP2 system onboard LS2 to enhance its capability and potentially increase its DCR.

Further details on our business strategies are set out in Section 6.19.

3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8. Some of the more important risk factors are summarised below:

- (i) **We are dependent on the PETRONAS licence and the Umbrella Contract with PCSB.**

PETRONAS licence enables us to be a panel contractor and/or participate in tenders issued by PCSB, PACs and oil and gas contractors; while the Umbrella Contract with PCSB denotes that PCSB has conveyed the award of a panel contractor to Keyfield Offshore for the provision of accommodation vessel chartering and its related services for the duration of the contract. The Umbrella Contract with PCSB may be subject to unilateral termination should we fail to perform a material obligation as required and/or occurrence of any other events for which PCSB has an express right of termination of the Umbrella Contract. The validity periods of our PETRONAS licence and Umbrella Contract with PCSB is until 25 June 2027 and 25 April 2024, respectively.

In view of the revenue contribution earned from PCSB (contributed between 27.9% to 57.7%), PACs (contributed between 4.1% to 9.8%) as well as oil and gas contractors (contributed between 25.5% to 64.2%) during the FYEs and FPE Sep Under Review, we are dependent on the PETRONAS licence and Umbrella Contract with PCSB. Without the Umbrella Contract with PCSB, we would not be able to generate any revenue from PCSB. Meanwhile, without the PETRONAS licence, we would not be able to be invited to be a panel contractor with PCSB and PACs and we would not be able to be invited to bid for projects by oil and gas contractors. Hence, would not be able to generate any revenue from either PCSB, PACs and oil and gas contractors.

3. PROSPECTUS SUMMARY (Cont'd)**(ii) We depend on PCSB as it constitutes a large proportion of our revenue, and the loss of PCSB could adversely impact our financial and business performance**

PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue. The loss of PCSB will have a material adverse impact on our business, financial condition, operations and prospects if we are not able to secure replacement Chartering Contracts from other customers to cushion such impact in the respective year.

(iii) We incur operational costs during the period when our own vessels and our bareboat chartered vessels are off-hire

Such daily operational costs have a direct impact on our financial results, especially since the vessels do not generate any income during such off-hire period. In the event where vessels will not be chartered for a period of time above one month, we will berth the vessels at a shipyard or port, which will allow us to save on marine gas oil costs as we are able to use shore electricity supply to power our vessels, as well as to reduce the daily crew costs.

(iv) A majority of our Chartering Contracts are short-term in nature (ranging from 1 to 8 months) and may be subject to delays, and/or termination by our customers without compensation

Due to reasons as disclosed in Section 8.1.4 and the LOAs For Umbrella Contracts and Umbrella Contracts do not provide assurance of future revenue. If we are not able to consistently secure new Chartering Contracts from new and existing customers, our business, financial condition, operations and prospects could be adversely affected.

(v) Our business and operations are exposed to unexpected interruptions caused by outbreak of diseases, including the COVID-19 pandemic, which may lead to interruptions in our operations

We experienced a delay in the commencement date during the initial months of MCO (between 18 March 2020 and 4 May 2020). There is no assurance that the outbreak of COVID-19 pandemic or any other diseases in Malaysia can be effectively controlled, or that another outbreak of COVID-19 pandemic or other diseases will not happen in the future. Other outbreak or pandemics may materialise in the future and could persist for a substantial period, and this may materially and adversely affect our business operations and financial performance.

3.6 DIRECTORS, KEY SENIOR MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Haida Shenny Binti Hazri	Independent Non-Executive Chairperson
Dato' Kee Chit Huei	Executive Director / Group CEO
Mohd Erwan Bin Ahmad	Executive Director / Group COO
Julannar Binti Abd Kadir	Independent Non-Executive Director
Lim Chee Hwa	Independent Non-Executive Director
Chia Chee Hoong	Independent Non-Executive Director
Key senior management	
Eugene Kang Hong Ngee	Group CFO
Captain Cheah Eng Eng	Senior Vice President, Fleet Management
Mohd Hanafiah Bin Ali	Operations Superintendent / Designated Person Ashore

Further details of our Directors and key senior management are set out in Sections 5.2 and 5.3 respectively.

3. PROSPECTUS SUMMARY (Cont'd)

The details and shareholdings of our Promoters and Substantial Shareholders in our Company before and after our IPO are as follows:

	Before IPO ⁽¹⁾				After IPO ⁽²⁾				After IPO and assuming full exercise of ESOS Options ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Promoters and Substantial Shareholders⁽⁴⁾												
Darren Kee	180,469	36.0	⁽⁵⁾ 33,974	6.8	181,469	22.7	⁽⁵⁾ 34,474	4.3	184,269	22.3	⁽⁵⁾ 35,474	4.3
Kate Ooi	33,974	6.8	⁽⁵⁾ 180,469	36.0	34,474	4.3	⁽⁵⁾ 181,469	22.7	35,474	4.3	⁽⁵⁾ 184,269	22.3
Mohd Erwan	53,610	10.7	⁽⁶⁾ 26,000	5.2	54,610	6.8	⁽⁶⁾ 26,000	3.2	57,410	6.9	⁽⁶⁾ 26,000	3.2
MEAM Holdings	26,000	5.2	-	-	26,000	3.2	-	-	26,000	3.2	-	-
Substantial Shareholders⁽⁴⁾												
Lavin Group	136,182	27.2	-	-	216,182	27.0	-	-	216,182	26.1	-	-
Veritas Aman	44,000	8.8	-	-	44,000	5.5	-	-	44,000	5.3	-	-
OM Ceria	26,805	5.3	-	-	26,805	3.4	-	-	26,805	3.2	-	-
Calvin Lau Chuen Yien	-	-	⁽⁷⁾ 136,182	27.2	-	-	⁽⁷⁾ 216,182	27.0	-	-	⁽⁷⁾ 216,182	26.1
Ikhlas Bin Kamarudin	-	-	⁽⁸⁾ 44,000	8.8	-	-	⁽⁸⁾ 44,000	5.5	-	-	⁽⁸⁾ 44,000	5.3
Tunku Azlan Bin Tunku Aziz	-	-	⁽⁹⁾ 26,805	5.3	-	-	⁽⁹⁾ 26,805	3.4	-	-	⁽⁹⁾ 26,805	3.2

Notes:

- (1) Based on the share capital of 501,040,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 800,000,000 Shares after our IPO and including the following:
 - (i) Assuming that the Pink Form Allocations are fully subscribed; and
 - (ii) Allotment of 90,000,000 Issue Shares for the redemption of 324,000,000 Keyfield CRNCPS.
- (3) Based on our enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options. Kindly refer to Section 4.4.3 for details on the ESOS.
- (4) All of our Promoters and Substantial Shareholders are Malaysian and in respect of corporate shareholders, are companies incorporated in Malaysia.
- (5) Deemed interested by virtue of his/her spouse's shareholdings in Keyfield.
- (6) Deemed interested by virtue of his shareholding in MEAM Holdings.
- (7) Deemed interested by virtue of his shareholding in Lavin Group.
- (8) Deemed interested by virtue of his shareholding in Veritas Aman.
- (9) Deemed interested by virtue of his shareholding in OM Ceria.

Further details of the Promoters and Substantial Shareholders are set out in Section 5.1.3.

3. PROSPECTUS SUMMARY (Cont'd)**3.7 UTILISATION OF PROCEEDS**

The gross proceeds arising from the Public Issue of approximately RM188.1 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Estimated timeframe for utilisation⁽¹⁾	RM'000	%
Redemption of Keyfield CRNCPS	1 month	61,500	32.7
Repayment of bank borrowings	3 months	3,000	1.6
Settlement of balance purchase consideration for Blooming Wisdom	1 month	65,000	34.6
Settlement of balance purchase consideration for Helms 1	1 month	35,000	18.6
Working capital	12 months	14,564	7.7
Estimated listing expenses	1 month	9,000	4.8
		188,064	100.00

Note:

⁽¹⁾ From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.10.

3.8 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.8.1 Historical consolidated statements of profit or loss and other comprehensive income

The following table sets out the financial highlights of our historical consolidated statements of profit or loss and other comprehensive income for the FYEs 2020 to 2022 as well as FPE Sep 2022 and FPE Sep 2023:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	75,231	139,756	236,204	168,601	310,918
Cost of sales	(54,335)	(97,170)	(146,632)	(107,559)	(167,531)
GP	20,896	42,586	89,572	61,042	143,387
PBT	17,533	25,025	65,011	48,909	114,427
PAT attributable to:					
- Owners of the Company	13,516	17,621	48,877	36,047	83,352
- Non-controlling interest	-	386	974	712	885
	13,516	18,007	49,851	36,759	84,237
EBIT	18,831	28,630	66,344	47,840	124,830
EBITDA	22,976	39,495	91,713	65,643	151,377
GP margin (%)	27.8	30.5	37.9	36.2	46.1
PBT margin (%)	23.3	17.9	27.5	29.0	36.8
PAT margin (%)	18.0	12.9	21.1	21.8	27.1
Effective tax rate (%)	22.9	28.0	23.3	24.8	26.4
EPS (sen) ⁽¹⁾	2.7	3.5	9.8	7.2	16.6
Diluted EPS (sen) ⁽²⁾	1.7	2.2	6.1	4.5	10.4

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) Calculated based on the PAT attributable to owners of the Company divided by the share capital of 501,040,000 Shares before the IPO.
- (2) Calculated based on the PAT attributable to owners of the Company divided by the enlarged share capital of 800,000,000 Shares after the IPO.

Due to the nature of our Group's business, which is on a contract basis, the Chartering Contracts secured from any given customer may contribute a significant portion to our Group's annual revenue for a given year. As such, the top 5 customers that contribute to our Group's revenue generally changes on an annual basis. PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue.

For the FYEs 2020 to 2022 and FPE Sep 2023, revenue from the charter of vessels constituted between 78.4% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

Further details on the financial information are set out in Sections 12 and 13.

There were no exceptional or extraordinary items during the financial years and period under review. Our audited consolidated financial statements for the financial years and period under review were not subject to any audit qualifications.

3.8.2 Historical consolidated statements of financial position

The following table sets out the financial highlights of our historical consolidated statements of financial position for the FYEs 2020 to 2022 and FPE Sep 2023:

	Audited		
	As at 31 December		As at 30 September
	2020	2021	2022
	2023		
	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000
ASSETS			
Total non-current assets	160,991	247,486	389,637
Total current assets	58,946	90,103	114,220
TOTAL ASSETS	219,937	337,589	503,857
			721,958
EQUITY AND LIABILITIES			
EQUITY			
Share capital	125,260	125,260	125,260
Reserves	(1,528)	16,031	62,712
NA⁽¹⁾	123,732	141,291	187,972
Non-controlling interests	-	3,391	4,365
TOTAL EQUITY	123,732	144,682	192,337
			271,526
LIABILITIES			
Total non-current liabilities	50,409	97,070	203,913
Total current liabilities	45,796	95,837	107,607
TOTAL LIABILITIES	96,205	192,907	311,520
			450,432
TOTAL EQUITY AND LIABILITIES	219,937	337,589	503,857
			721,958
Total borrowings (All interest-bearing instruments)	64,446	131,223	240,616
Gearing ratio (times) ⁽²⁾	0.5	0.9	1.3
			1.3

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) NA attributable to the owners of the Company.
 (2) Gearing ratio is computed by dividing the total interest-bearing instruments over NA attributable to the owners of the Company.

3.9 DIVIDENDS

We target a pay-out ratio of at least 20.0% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account the working capital, maintenance capital and committed capital requirements of our Group.

The declaration and payments of any dividend is subject to the discretion of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Save for prior written consents from banks as disclosed in Section 11.13, which our subsidiaries are required to obtain, there are no legal, financial, or economic restriction on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances as at the LPD.

(i) Ordinary shares

In respect of FYEs 2020 to 2022 and FPE Sep 2023, dividends declared in respect of ordinary shares were as follows:

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	(1)500	(2)2,004	(3)5,010	-	(4)15,031

Notes:

- (1) Declared by Keyfield Offshore to its then ordinary shareholders in respect of interim dividend for FYE 2020 prior to its acquisition by Keyfield, on 31 August 2020 and paid on 23 December 2020.
 (2) Declared by Keyfield on 27 May 2022 in respect of final dividend for FYE 2021 and paid on 11 September 2022.
 (3) Declared by Keyfield on 8 May 2023 in respect of final dividend for FYE 2022 and paid on 21 June 2023.
 (4) Declared by Keyfield on 15 February 2024 in respect of interim dividends for FYE 2023 and paid on 22 February 2024.

(ii) Keyfield CRNCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1)3,563	(2)3,206	(3)1,781
Dividends paid	-	-	-	(4)4,275	(5)4,275

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) This amount represents the dividends declared on Keyfield CRNCPS from the date of issuance until 31 December 2022.
- (2) This amount represents the dividends declared on Keyfield CRNCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents the dividends declared on Keyfield CRNCPS from 1 October 2023 until LPD.
- (4) In FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM3.6 million in respect for FYE 2022 and RM0.7 million which is in respect of FYE 2023, on 28 April 2023.
- (5) Subsequent to FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM2.5 million in respect for FPE Sep 2023 and RM1.8 million which is in respect of the period from 1 October 2023 up to LPD, on 22 February 2024.

Cumulative dividends of 3% will apply on Keyfield CRNCPS until their full redemption. Upon our IPO, all Keyfield CRNCPS will be fully redeemed.

(iii) Keyfield Offshore CRNCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	-	(1)693	-	-

Note:

- (1) Keyfield Offshore had paid RM0.7 million dividends in respect of the Keyfield Offshore CRNCPS on 23 September 2022 and 24 November 2022, prior to their full redemption.

(iv) Keyfield Endeavour CRCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1)79	(2)38	(3)21
Dividends paid	-	-	(1)79	-	-

Notes:

- (1) Keyfield Endeavour paid RM0.1 million in dividends to Maltquest on 29 December 2022 in respect of Keyfield Endeavour CRCPS dividends for FYE 2021 and 2022, being Maltquest's proportionate share.
- (2) This amount represents Maltquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents Maltquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 October 2023 up to LPD.

Cumulative dividends at 2% will apply on Keyfield Endeavour CRCPS until its full redemption.

Further details of our dividends are set out in Section 11.13.

4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated 26 March 2024. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 7 February 2024, for, amongst others, our admission to the Official List of the Main Market and for the listing of and quotation for our entire enlarged share capital on the Main Market as well as new Shares to be issued upon the exercise of the ESOS Options.

Our Shares will be admitted to the Official List of the Main Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 1,000 public shareholders, each holding not less than 100 Shares each upon admission to the Main Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the Main Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Principal Adviser, Underwriter and Joint Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO (Cont'd)

Applications for the Issue Shares may be made using either of the following:

Type of application form	Category of Investor
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

Please refer to Section 15 for further details of the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

https://www.bursamalaysia.com/trade/trading_resources/brokers_for_equities/list_of_participating_organisations

If you are a Malaysian individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the Main Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

4. PARTICULARS OF OUR IPO (Cont'd)**4.2 OPENING AND CLOSING OF APPLICATION**

The period for Application will open at 10.00 a.m. on 26 March 2024 and will remain open until at 5.00 p.m. on 3 April 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	26 March 2024
Closing Date	3 April 2024
Balloting of the Application for our IPO Shares	5 April 2024
Allotment of our IPO Shares to successful applicants	17 April 2024
Date of Listing	22 April 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.4 DETAILS OF OUR IPO**4.4.1 Public Issue**

A total of 208,960,000 Issue Shares, representing 26.1% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

40,000,000 Issue Shares, representing 5.0% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 20,000,000 Issue Shares made available to public investors; and
- (b) 20,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group

24,000,000 Issue Shares, representing 3.0% of our enlarged share capital, will be reserved for our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.2.

(iii) Private placement to selected Bumiputera investors approved by MITI

73,194,900 Issue Shares, representing 9.1%* of our enlarged share capital, have been reserved for private placement to selected Bumiputera investors approved by MITI.

Note:

- * 26,805,194 Shares held by OM Ceria, representing 3.4% of the enlarged share capital of Keyfield as Bumiputera shareholdings, which will form part of the 12.5% Bumiputera equity requirement has been recognised by MITI as Bumiputera shareholdings (vide letter dated 26 September 2023). As such, the Company is only required to issue 73,194,900 Issue Shares, representing 9.1% of its enlarged share capital to comply with the Bumiputera equity requirements for public listed companies.

4. PARTICULARS OF OUR IPO (Cont'd)**(iv) Private placement to selected investors**

71,765,100 Issue Shares, representing 9.0% of our enlarged share capital, have been reserved for private placement to selected investors.

In addition, Keyfield entered into a loan agreement on 11 January 2021 for a loan of USD11.0 million (equivalent to RM44.3 million) from Positive Boom Limited which was advanced to Keyfield Endeavour towards the purchase consideration of Falcon. The loan of USD11.0 million has been fully disbursed on 21 January 2021. This sum has been fully repaid in October 2023.

Under the terms of the loan agreement, Positive Boom Limited shall be given the option to subscribe a minimum of 10,000,000 Issue Shares representing 1.25% of our enlarged share capital upon listing (in respect of the Issue Shares reserved for private placement to selected investors) at the IPO Price during the IPO.

The exercise of such option shall be fully satisfied in cash and not offset against any part of the loan.

There is no person who intends to subscribe for more than 5% of the Public Issue.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. The allocation for the Issue Shares to the applicants will be carried out in a fair and equitable manner to be determined by our Directors.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

4.4.2 Pink Form Allocations

We have allocated 24,000,000 Issue Shares, representing 3.0% of our enlarged share capital, to our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Our eligible Directors	6	3,200,000
Our eligible employees and crew members	67	7,316,000
Persons who have contributed to the success of our Group	38	13,484,000
	111	24,000,000

The criteria for allocation to our eligible Directors are based on their anticipated contribution to our Group.

The criteria for allocation to our eligible employees and crew members (as approved by our Board) are based on the following factors:

- (i) The employee must be at least 18 years of age;

4. PARTICULARS OF OUR IPO (Cont'd)

- (ii) The employee must have his/her employment confirmed in writing;
- (iii) The employees' seniority, position, length of service and contribution to our Group; and
- (iv) In respect of crew members, they must have served our Group since 2021, and have served at least 180 days in our own vessels in both 2022 and 2023.

The number of IPO Shares to be allotted to those persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group and shall be subject to the approval by our Board. Persons who have contributed to the success of our Group are our customers and suppliers.

Detail of the allocation to our Directors and key senior management are as follows:

Name			Designation	No. of Issue Shares allocated
Haida Shenny Binti Hazri			Independent Non-Executive Chairperson	300,000
Darren Kee			Executive Director / Group CEO	1,000,000
Mohd Erwan			Executive Director / Group COO	1,000,000
Julannar Binti Abd Kadir			Independent Non-Executive Director	300,000
Lim Chee Hwa ⁽¹⁾			Independent Non-Executive Director	300,000
Chia Chee Hoong			Independent Non-Executive Director	300,000
Eugene Kang Hong Ngee			Group CFO	1,000,000
Captain Cheah Eng Eng			Senior Vice President, Fleet Management	600,000
Mohd Hanafiah Bin Ali			Operations Superintendent / Designated Person Ashore	250,000
				5,050,000

Note:

- (1) Lim Chee Hwa's daughter is an employee of Keyfield Offshore. She shall be entitled to 100,000 Issue Shares under the Pink Form Allocations.

Our Directors and key senior management intend to subscribe to their Issue Shares allocated under the Pink Form Allocations.

Darren Kee and Mohd Erwan are our Promoters and Executive Directors. Our Board has resolved to allocate Issue Shares to them under the Pink Form Allocations premised on the following:

- (i) Darren Kee is the founding shareholder of our Group and has been instrumental in leading our Group and our business growth for the past 10 years. The allocation of Issue Shares under the Pink Form Allocations is to directly reward him for his past contributions as well as for his continuous contribution to our Group; and
- (ii) Mohd Erwan's continued involvement in our Group is critical for us to implement our business strategies and to ensure the continued growth of our Group. The allocation of Issue Shares under the Pink Form Allocations directly to him is to secure his commitment to our Group as well as for his continuous contribution to our Group.

4. PARTICULARS OF OUR IPO (*Cont'd*)

Pink Form Allocations which are not subscribed to, will be re-allocated to the other Directors/key senior management mentioned in the table above, employees and crew members as well as persons who have contributed to the success of our Group at the discretion of our Board.

4.4.3 ESOS

In conjunction with our Listing, we have established an ESOS which involves the granting of ESOS Options to our eligible Directors (including non-executive Directors) and employees of our Group to motivate, reward and retain the eligible persons who have contributed to the growth and performance of our Group. The ESOS will provide a continuing incentive to the eligible persons without adversely affecting the cash flow of our Group whilst at the same time contributing positively to its continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the Eligible Persons towards our Group.

The proceeds to be received by our Company pursuant to the exercise of the ESOS Options would be dependent on the number of ESOS Options granted, vested and exercised at the relevant point in time and the exercise price of the ESOS Options. The net proceeds arising from the exercise of the ESOS Options will be utilised for our Group's working capital requirements (such as staff related costs, payments to suppliers and creditors, and other general expenses) as and when the net proceeds are received throughout the duration of the ESOS, as our Board may deem fit.

The ESOS shall be administered by the ESOS Committee and governed by the By-Laws. The ESOS Committee comprises of Darren Kee, Mohd Erwan, Eugene Kang Hong Ngee and Kate Ooi.

The salient features of the ESOS are as follows:

(i) Maximum number of new Shares available under the ESOS

The total number of Shares which may be made available under the ESOS shall not exceed in aggregate 15.0% ("Maximum Limit") of our total number of issued Shares (excluding treasury shares, if any) at any one time during the duration of the ESOS. The Maximum Limit of our ESOS upon Listing is 120,000,000 ESOS Options, representing 15.0% of our total number of Issued Shares (excluding treasury shares, if any).

In conjunction with our Listing, we intend to offer up to 28,000,000 ESOS Options to our eligible Directors and employees of our Group, representing approximately 3.5% of our enlarged issue share capital upon Listing.

(ii) Basis of allocation and maximum allowable allocation

Subject to any adjustments as may be made under the By-Laws, the aggregate number of new Shares which may be offered under the ESOS Options to our eligible Directors and employees of our Group shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-laws or such other factors that the ESOS Committee may deem relevant subject to the following:

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (a) The aggregate number of new Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of Shares the eligible Director or employee is entitled to under the ESOS;
- (b) Any offer, allocation of ESOS Options under the ESOS and the related allotment of Shares to any eligible Directors, major shareholders who are employees of our Group or the chief executive officer of our Company and any person connected with them who is an employee of our Group shall require prior approval of the shareholders of our Company in a general meeting, and they shall not vote on the resolution approving their respective offer, allocation and allotment;
- (c) The eligible Directors and key senior management do not participate in the deliberation or discussion of their respective allocation and/or allocation of ESOS Options to persons connected with them under the ESOS;
- (d) The allocation to the eligible Directors and employees of our Group who, either singly or collectively through person connected with them, holds 20% or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed 10% of the total number of the new Keyfield Shares to be issued under the ESOS;
- (e) Any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS Committee; and
- (f) Not more than 50% of the total number of new Keyfield Shares available under the ESOS shall be allocated in aggregate to the eligible Directors and key senior management of our Group, which are not dormant, on the basis that they are crucial to the performance of our Group as determined by the ESOS Committee at their sole and absolute discretion.

The basis of determining the aggregate number of our Shares that may be offered to our eligible Directors and employees of our Group under the ESOS, including vesting period, if any, shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-Laws or such other matters which the ESOS Committee may in its sole and absolute discretion deems fit.

(iii) Duration of the ESOS

The ESOS shall be in force for a period of 5 years commencing from the effective date and is extendable for a period of up to 5 years immediately from the expiry of the first 5 years.

(iv) Eligibility

The Director or employee of any company within our Group, including crew members who may be serving short term employment contract, which is not dormant shall be eligible for participation in the ESOS if at the date of offer is made in writing by the ESOS Committee to him ("Offer Date"), he:

4. PARTICULARS OF OUR IPO (Cont'd)

- (a) Has attained 18 years of age;
- (b) Is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (c) Must have been confirmed in service;
- (d) In respect of crew members who are serving short term employment contract, he must have served at least 100 days in a calendar year and been with our Group for at least 3 years; and
- (e) Has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.

provided always that the selection of any eligible Director and/or employee for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee, and the decision of the ESOS Committee shall be final and binding.

(v) Exercise price

The exercise price payable by our eligible Directors and employees of our Group upon the exercise of their ESOS Options under the ESOS shall be:

- (a) In respect of any offer which is made in conjunction with our Listing, the IPO Price; and
- (b) In respect of any offer which is made subsequent to our Listing, as determined by the ESOS Committee and shall be based on the five-day weighted average market price of our Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than 10.0%, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the option period.

The exercise price as determined in the manner set out above shall be conclusive and binding on the Grantee.

The ESOS will not have any immediate effect on the issued share capital of our Company. The issued share capital of our Company will increase if and when the granted ESOS Options are exercised during its tenure, whereby any such increase will depend on the number of ESOS Options exercised and the number of new Shares issued pursuant thereto.

The following is the proposed specific allocation of the ESOS Options to our eligible Directors, key senior management and persons connected with them in conjunction with our Listing:

Name	Designation	No. of ESOS Options allocated
<u>Directors</u>		
Haida Shenny Binti Hazri	Independent Non-Executive Chairperson	500,000
Darren Kee	Executive Director / Group CEO	2,800,000
Mohd Erwan	Executive Director / Group COO	2,800,000

4. PARTICULARS OF OUR IPO (Cont'd)

Name	Designation	No. of ESOS Options allocated
Julannar Binti Abd Kadir	Independent Non-Executive Director	500,000
Lim Chee Hwa ⁽¹⁾	Independent Non-Executive Director	500,000
Chia Chee Hoong	Independent Non-Executive Director	500,000
<u>Key senior management</u>		
Eugene Kang Hong Ngee	Group CFO	3,300,000
Captain Cheah Eng Eng	Senior Vice President, Fleet Management	2,800,000
Mohd Hanafiah Bin Ali	Operations Superintendent / Designated Person Ashore	500,000
<u>Person connected with our Director</u>		
Kate Ooi	Human Resource and Administration Manager	1,000,000
<u>Employees⁽²⁾</u>		
Other employees	-	12,800,000
Total		28,000,000

Notes:

(1) Lim Chee Hwa's daughter is an employee of Keyfield Offshore. She shall be entitled to 180,000 ESOS Options.

(2) Our employees other than our Directors and key senior management.

The ESOS Options is also extended to non-executive Directors in recognition of their contributions and efforts to our Company and to enable them to participate in our Company's future growth. Their participation in the equity of our Company is expected to enhance their level of commitment and contribution as well as enable our Company to attract and retain capable individuals to act as non-executive Directors.

Assuming the 28,000,000 ESOS Options are fully exercised into 28,000,000 new Shares, such Shares represent 3.5% of our enlarged issued Shares upon Listing. The exercise price for these 28,000,000 ESOS Options shall be the IPO Price.

Any further offer, allocation or allotment under the ESOS to any of our eligible Directors and persons connected with them other than as stated above shall require the prior approval of our shareholders in a general meeting.

The grant of the ESOS Options in conjunction with our Listing will not have an immediate effect on the consolidated NA and NA per Share until such time new Shares are issued when the ESOS Options are exercised.

4. PARTICULARS OF OUR IPO (Cont'd)

For illustrative purposes only, assuming the entire 28,000,000 ESOS Options are granted and vested immediately upon our Listing, and that all ESOS Options are exercised at the exercise price of RM0.90 per Share, being our IPO price, the indicative pro forma financial effects based on our audited consolidated financial statements for FPE Sep 2023 are as follows:

	Pro forma	
	Upon Listing and after utilisation of IPO proceeds	Assuming full exercise of ESOS Options at RM0.90 per Share
NA attributable to the owners of the Company (RM'000)	507,591	532,791
No. of Shares ('000)	800,000	828,000
NA per Share attributable to owners of the Company (RM) ⁽¹⁾	0.63	0.64
Total borrowings (RM'000) ⁽²⁾	71,490	71,490
Gearing ratio (times) ⁽³⁾	0.14	0.13

Notes:

- (1) Computed based on NA attributable to owners of the Company over the number of Shares in issue.
- (2) Total borrowings include all interest-bearing instruments as detailed in Sections 11.5 and 11.5.1.
- (3) Computed based on total borrowings divided by NA attributable to owners of the Company.

The cost resulting from the 28,000,000 ESOS Options to be granted pursuant to MFRS 2 is estimated to be RM3.8 million.

4.4.4 Redemption of Keyfield CRNCPS

A total of 90,000,000 Keyfield Shares, representing 11.3% of our enlarged share capital shall be issued to Lavin Group and Stratos Private Equity at the IPO Price in the following manner:

- (i) 80,000,000 Keyfield Shares shall be issued to Lavin Group for the redemption of 288,000,000 Keyfield CRNCPS held by Lavin Group; and
- (ii) 10,000,000 Keyfield Shares shall be issued to Stratos Private Equity for the redemption of 36,000,000 Keyfield CRNCPS held by Stratos Private Equity.

Kindly refer to Section 6.2.8(ii) for further details of the Keyfield CRNCPS.

The 90,000,000 Keyfield Shares shall be issued at the IPO Price and allotted concurrent with the allotment of Issue Shares under the Public Issue.

4. PARTICULARS OF OUR IPO (Cont'd)**4.5 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Principal Adviser, Underwriter and Joint Placement Agent, after taking into consideration the following factors:

- (i) The PE Multiple of approximately 14.8 times based on our EPS of 6.1 sen for the FYE 2022 calculated based on our PAT attributable to owners of the Company for the FYE 2022 of RM48.9 million and our enlarged share capital of 800,000,000 Shares upon Listing;
- (ii) The PE Multiple of approximately 8.7 times based on our EPS of 10.4 sen for the FPE Sep 2023 calculated based on our PAT attributable to owners of the Company for the FPE Sep 2023 of RM83.4 million and our enlarged share capital of 800,000,000 Shares upon Listing;
- (iii) The enterprise value ("EV") / EBITDA of approximately 4.8 times based on the total EBITDA of RM151.4 million for FPE Sep 2023;
- (iv) Our pro forma consolidated NA* per Share as at 30 September 2023 after our IPO of RM0.63 based on our pro forma consolidated NA* as at 30 September 2023 of RM507.6 million (after the Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 800,000,000 Shares upon Listing;

* NA attributable to the owners of the Company.

- (v) Our historical financial track record for the past FYEs 2020 to 2022 and FPE Sep 2022 and 2023 summarised as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	75,231	139,756	236,204	168,601	310,918
GP	20,896	42,586	89,572	61,042	143,387
PAT attributable to:					
- Owners of the Company	13,516	17,621	48,877	36,047	83,352
- Non-controlling interests	-	386	974	712	885
	13,516	18,007	49,851	36,759	84,237
EPS (sen) ⁽¹⁾	2.7	3.5	9.8	7.2	16.6
Diluted EPS (sen) ⁽²⁾	1.7	2.2	6.1	4.5	10.4

Notes:

(1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 501,040,000 Shares before our IPO.

(2) Calculated based on our PAT attributable to owners of the Company divided by the enlarged share capital of 800,000,000 Shares after our IPO.

- (vi) Our competitive strengths as set out in Section 6.8; and

4. PARTICULARS OF OUR IPO (Cont'd)

(vii) Our Group's business strategies as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital (Keyfield Shares)		
As at the date of this Prospectus	501,040,000	125,260,001
To be issued pursuant redemption of Keyfield CRNCPS	90,000,000	81,000,000
To be issued pursuant to our Public Issue	208,960,000	188,064,000
Enlarged share capital upon our Listing	800,000,000	⁽¹⁾ 394,324,001
To be issued assuming full exercise of ESOS Options	28,000,000	25,200,000
Enlarged share capital upon full exercise of ESOS Options	828,000,000	419,524,001
Share capital (Keyfield CRNCPS)		
As at the date of this Prospectus	570,000,000	142,500,000
To be redeemed via issuance of IPO Shares	(324,000,000)	(81,000,000)
To be redeemed with the proceeds from the IPO	(246,000,000)	(61,500,000)
	-	-
Market capitalisation⁽²⁾		720,000,000

Notes:

(1) Before adjusting for utilisation of IPO proceeds.

(2) Based on our IPO Price and our enlarged share capital of 800,000,000 Shares upon Listing.

As at the date of this Prospectus, we have 2 classes of shares as follows:

(i) Keyfield Shares

Keyfield Shares are ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

4. PARTICULARS OF OUR IPO (Cont'd)

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

(ii) Keyfield CRNCPS

Keyfield CRNCPS are preference shares, all of which rank equally amongst one another and in priority to Keyfield Shares and other preference shares that may be created in future which do not rank in priority to the Keyfield CRNCPS, but shall rank behind all secured and unsecured obligations of Keyfield.

Further details of the Keyfield CRNCPS are set out in Section 6.2.8(ii).

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) To provide an opportunity for the Malaysian Public, our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group to participate in our equity;
- (ii) To enable our Group to raise funds for the purposes specified in Section 4.10;
- (iii) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise; and
- (iv) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our services and to retain and attract new, skilled employees in the industry.

4.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 800,000,000 Shares upon Listing, our total market capitalisation is estimated to be RM720,000,000 upon Listing.

4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share as at 30 September 2023 after the Subsequent Events is RM0.50. After giving effect to the Public Issue (and utilisation of IPO proceeds), our pro forma consolidated NA per Share as at 30 September 2023 is RM0.63.

4. PARTICULARS OF OUR IPO (Cont'd)

This represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.13, and an immediate dilution in the pro forma consolidated NA per Share of RM0.27 to our new public investors. The following table illustrates such dilution on a per Share basis:

	RM
Pro forma consolidated NA per Share as at 30 September 2023 after taking into account the Subsequent Events	0.50
Pro forma consolidated NA per Share as at 30 September 2023 after taking into account the Subsequent Events and Public Issue	0.65
IPO Price	0.90
Pro forma consolidated NA per Share as at 30 September 2023 after taking into account the Subsequent Events, Public Issue and utilisation of IPO proceeds	0.63
Dilution in the pro forma consolidated NA per Share to our new public investors	(0.27)
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	30.0%

Further details of our pro forma consolidated NA per Share as at 30 September 2023 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation:

Name	Cost of investment RM'000	No. of Shares held '000	Average effective cost per Share RM
Darren Kee	31,910	180,469	0.18
Mohd Erwan	8,600	53,610	0.16
Kate Ooi	5,450	33,974	0.16
MEAM Holdings	8,060	26,000	0.31
Lavin Group	21,001	136,182	0.15
Veritas Aman	12,100	44,000	0.28
OM Ceria	3,568	26,805	0.13

Save for the Shares received by our existing shareholders as set out in Section 6.2, Issue Shares to be issued under the Pink Form Allocations and Shares to be issued pursuant to the exercise of ESOS Options, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, Substantial Shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4. PARTICULARS OF OUR IPO (Cont'd)**4.10 UTILISATION OF PROCEEDS**

The estimated gross proceeds arising from the Public Issue of approximately RM188.1 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	Estimated timeframe for utilisation⁽¹⁾	RM'000	%
Redemption of Keyfield CRNCPS	(i)	1 month	61,500	32.7
Repayment of bank borrowings	(ii)	3 months	3,000	1.6
Settlement of balance purchase consideration for Blooming Wisdom	(iii)	1 month	65,000	34.6
Settlement of balance purchase consideration for Helms 1	(iv)	1 month	35,000	18.6
Working capital	(v)	12 months	14,564	7.7
Estimated listing expenses	(vi)	1 month	9,000	4.8
			188,064	100.00

Note:

⁽¹⁾ From the date of listing of our Shares.

Pending the utilisation of the proceeds to be raised from our Public Issue, the funds will be placed with licenced financial institutions as deposits.

(i) Redemption of Keyfield CRNCPS

On 18 February 2022, we entered into the following agreements:

- (a) The Third SPA for the acquisition of entire share capital of Keyfield Resolute from Lavin Group for a purchase consideration of RM12.5 million. Keyfield had also entered into the Keyfield Resolute Capitalisation Agreement with Lavin Group and Keyfield Resolute to capitalise the amount owing by Keyfield Resolute to Lavin Group of RM65.0 million. Resulting from the Third SPA and the Keyfield Resolute Capitalisation Agreement, the total purchase consideration for Keyfield Resolute was RM77.5 million. Keyfield Resolute is the owner of Compassion and Commander.

The acquisition and capitalisation were fully satisfied via the issuance of 310,000,000 Keyfield CRNCPS to Lavin Group at the issue price of RM0.25 per Keyfield CRNCPS. The Third SPA and Keyfield Resolute Capitalisation Agreement were completed on 18 February 2022; and

- (b) The Stratos MOA for the acquisition of Grace from Stratos Vessel for a total purchase consideration of RM65.0 million. The acquisition was fully satisfied via the issuance of 260,000,000 Keyfield CRNCPS to Stratos Private Equity (the holding company of Stratos Vessel) at the issue price of RM0.25 per Keyfield CRNCPS. The Stratos MOA was completed on 18 February 2022.

4. PARTICULARS OF OUR IPO (Cont'd)

As a result, a total of 570,000,000 Keyfield CRNCPS are outstanding as at the LPD. Kindly refer to Section 6.2.8(ii) of the Prospectus for further details of the Keyfield CRNCPS. Keyfield CRNCPS carries a 3% annual dividend. As at the LPD, RM4.3 million has been paid in respect of the Keyfield CRNCPS.

We shall utilise RM61.5 million of our IPO proceeds to redeem 246,000,000 Keyfield CRNCPS within 1 month from the Listing in the following manner:

- (a) To redeem 22,000,000 Keyfield CRNCPS held by Lavin Group for a total redemption consideration of RM5.5 million; and
- (b) To redeem 224,000,000 Keyfield CRNCPS held by Stratos Private Equity for a total redemption consideration of RM56.0 million.

The redemption of 246,000,000 Keyfield CRNCPS will result in a reduction in dividends payable for Keyfield CRNCPS of RM1.8 million per annum.

(ii) Repayment of bank borrowings

We shall utilise RM3.0 million of our IPO proceeds to repay the following bank borrowings:

Facilities		Amount outstanding as at the LPD (RM'000)	Proposed Repayment (RM'000)	Profit rate as at the LPD (% per annum)	Date of final repayment	Purpose of borrowing
Term Loans from Alliance Islamic Bank Malaysia Berhad ("AIBB")		6,819	3,000	7.17 ⁽¹⁾	1 October 2026	Vessel financing for Kindness

Note:

- (1) The profit rate is based on AIBB's base financing rate ("BFR") + 0.5% per annum.

The bank borrowing to be repaid was selected for repayment after taking into consideration the existing outstanding amount and higher profit rate of this borrowing, as compared to our Group's other borrowings. The total repayment of the AIBB terms loans is RM0.23 million per month. Our Group will partially repay an amount of RM3.0 million of this bank borrowing by utilising part of the proceeds from the IPO.

There are no additional finance charges imposed for early partial repayment. The repayment will a reduction in our finance cost by RM0.2 million per annum.

As at the LPD, the list of our Group's borrowings are disclosed in Section 11.4.

4. PARTICULARS OF OUR IPO (Cont'd)**(iii) Settlement of balance purchase consideration for Blooming Wisdom**

In April 2023, our wholly-owned subsidiary, Keyfield Offshore had entered into a memorandum of agreement with Azulite Bloom Sdn Bhd for the acquisition of Blooming Wisdom for a purchase consideration of RM94.9 million, which consists of the following:

	Blooming Wisdom RM'million
Cash purchase price	85.0
Finance charges ⁽¹⁾	9.9
Total purchase consideration	94.9

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 48 monthly instalments of RM1.98 million. As at the LPD, the outstanding purchase consideration is RM67.1 million.

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Azulite Bloom Sdn Bhd shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

Currently, the monthly instalment for Blooming Wisdom is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024. The balance purchase consideration as at April 2024 is approximately RM65.5 million, which we shall fully settle through the following:

- (i) RM65.0 million from the IPO proceeds; and
- (ii) RM0.5 million from our internally generated funds.

In the event that we fully settle the balance purchase consideration earlier than April 2024, the difference will be funded by our internally generated funds. Conversely, should the balance purchase consideration be settled later than April 2024, the excess IPO proceeds will be utilised for our general working capital requirements.

Such full settlement will result in our Group being granted the above reduction in finance charge, which we estimate to be approximately RM5.7 million should we fully settle the balance purchase consideration by April 2024. The actual reduction in finance charge will vary in accordance with the actual settlement date.

4. PARTICULARS OF OUR IPO (Cont'd)**(iv) Settlement of balance purchase consideration for Helms 1**

In April 2023, our wholly-owned subsidiary, Keyfield Offshore entered into a memorandum of agreement with Sea Steel Sdn Bhd for the acquisition of Helms 1 for a purchase consideration of RM50.5 million, which consists of the following:

	Helms 1 RM'million
Cash purchase price	45.0
Finance charges ⁽¹⁾	5.5
Total purchase consideration	50.5

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 29 monthly instalments of RM0.52 million and a final instalment of RM35.5 million. As at the LPD, the outstanding purchase consideration is RM41.5 million.

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Sea Steel Sdn Bhd shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

Currently, the monthly instalment for Helms 1 is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024. The balance purchase consideration as at April 2024 is approximately RM41.2 million, which we shall fully settle through the following:

- (i) RM35.0 million from the IPO proceeds; and
- (ii) RM6.2 million from our internally generated funds.

In the event that we fully settle the balance purchase consideration earlier than April 2024, the difference will be funded by our internally generated funds.

Such full settlement will result in our Group being granted the above reduction in finance charge, which we estimate to be approximately RM3.2 million should we fully settle the balance purchase consideration by April 2024. The actual reduction in finance charge will vary in accordance with the actual settlement date.

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4. PARTICULARS OF OUR IPO (Cont'd)**(v) Working capital**

We shall utilise RM14.6 million from our IPO proceeds as working capital for the payment of crew member salaries as well as food and beverage provisions for our Group's vessels. The breakdown of our utilisation of IPO proceeds for our working capital is as follows:

Purpose	Estimated timeframe for utilisation from the date of our Listing	Amount of proceeds to be utilised (RM'000)
Payment of crew member salaries of our Group's vessels ⁽¹⁾	12 months	9,000
Payment of food and beverage provisions cost for our Group's vessels ⁽²⁾	12 months	5,564
Total		14,564

Notes:

- (1) Our crew member salaries and out-of-pocket expenditure for the past 3 FYEs and FPE Sep 2023 amounted to between RM4.0 million to RM27.3 million.
- (2) Our food and beverage provisions cost for the past 3 FYEs and FPE Sep 2023 amounted to between RM0.5 million to RM14.3 million.

(vi) Estimated listing expenses

The amount of RM9.0 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Details	RM'000
Professional fees ⁽¹⁾	2,383
Underwriting, placement and brokerage fees	4,970
Fees payable to authorities	617
Printing and advertising fees	350
Miscellaneous expenses and contingencies ⁽²⁾	680
	9,000

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Company Secretaries.
- (2) Other incidental or related expenses in connection with our IPO.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE

4.11.1 Underwriting arrangement, placement arrangement and commission

Our Underwriter will underwrite 64,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.0% of the total value of the underwritten Shares at our IPO Price.

The balance 144,960,000 Issue Shares from the Public Issue available for application by selected Bumiputera investors approved by MITI and selected investors will not be underwritten and shall be placed out by our Placement Agents.

We are obliged to pay our Joint Placement Agents a placement fee as follows:

- (a) To M&A Securities, 2.5% of the value of those Issue Shares to be placed out to selected Bumiputera investors approved by MITI set out in Section 4.4.1(iii); and
- (b) To M&A Securities, 0.5% and Maybank IB, up to 2.0% of the value of those Issue Shares to be placed out to selected investors set out in 4.4.1(iv).

Our Issue Shares shall be subject to the following clawback and reallocation provisions:

- (i) Any Issue Shares not subscribed for by Bumiputera investors approved by MITI under the private placement as stated in Sections 4.4.1(iii) will firstly be reallocated to selected Malaysian institutional investors via private placement. Subsequently, any Issue Shares that are not taken up shall be made available firstly for subscription by the Bumiputera general public, and thereafter to the other public investors, via the balloting process.
- (ii) Any Issue Shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public.
- (iii) Any remaining Issue Shares from (i) and (ii) above which are not subscribed by the Malaysian Public will then be made available to selected investors via private placement.

Thereafter, any remaining Issue Shares from (i) to (iii) that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of Issue Shares will be the number of Issue Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.11.2 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 64,000,000 Issue Shares ("Underwritten Shares").

The salient terms of the Underwriting Agreement are as follows:

Conditions precedent

- 1.1 The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):
 - (i) The acceptance of the listing proposal from Bursa Securities, the clearance of registrable Prospectus from the SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
 - (ii) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by the Underwriter;
 - (iii) There having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
 - (iv) The issue, offer and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (v) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (vi) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (vii) The delivery to the Underwriter prior to the date of registration of the Prospectus of (a) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Directors and our shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (b) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph 1.1(iii);
 - (viii) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
 - (ix) The Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the Main Market without undue delay.
- 1.2 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

Termination

- 1.3 Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (i) There is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (ii) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (iii) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (iv) There shall have occurred, happened or come into effect any of the following circumstances:
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (c) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
 - (d) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (v) There is failure on the part of our Company to perform any of their respective obligations herein contained; or

4. PARTICULARS OF OUR IPO (*Cont'd*)

- (vi) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
 - (vii) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.
- 1.4 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Underwriter.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and Substantial Shareholders' shareholdings

The shareholdings of our Promoters and Substantial Shareholders in our Company before and after our IPO are set out below:

	Before IPO ⁽¹⁾				After IPO ⁽²⁾				After IPO and assuming full exercise of ESOS Options ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
<u>Promoters and Substantial Shareholders⁽⁴⁾</u>												
Darren Kee	180,469	36.0	⁽⁵⁾ 33,974	6.8	181,469	22.7	⁽⁵⁾ 34,474	4.3	184,269	22.3	⁽⁵⁾ 35,474	4.3
Kate Ooi	33,974	6.8	⁽⁵⁾ 180,469	36.0	34,474	4.3	⁽⁵⁾ 181,469	22.7	35,474	4.3	⁽⁵⁾ 184,269	22.3
Mohd Erwan	53,610	10.7	⁽⁶⁾ 26,000	5.2	54,610	6.8	⁽⁶⁾ 26,000	3.2	57,410	6.9	⁽⁶⁾ 26,000	3.2
MEAM Holdings	26,000	5.2	-	-	26,000	3.2	-	-	26,000	3.2	-	-
<u>Substantial Shareholders⁽⁴⁾</u>												
Lavin Group	136,182	27.2	-	-	216,182	27.0	-	-	216,182	26.1	-	-
Veritas Aman	44,000	8.8	-	-	44,000	5.5	-	-	44,000	5.3	-	-
OM Ceria	26,805	5.3	-	-	26,805	3.4	-	-	26,805	3.2	-	-
Calvin Lau Chuen Yien	-	-	⁽⁷⁾ 136,182	27.2	-	-	⁽⁷⁾ 216,182	27.0	-	-	⁽⁷⁾ 216,182	26.1
Ikhlas Bin Kamarudin	-	-	⁽⁸⁾ 44,000	8.8	-	-	⁽⁸⁾ 44,000	5.5	-	-	⁽⁸⁾ 44,000	5.3
Tunku Azlan Bin Tunku Aziz	-	-	⁽⁹⁾ 26,805	5.3	-	-	⁽⁹⁾ 26,805	3.4	-	-	⁽⁹⁾ 26,805	3.2

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

Notes:

- (1) Based on the share capital of 501,040,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 800,000,000 Shares after our IPO and including the following:
 - (i) Assuming that the Pink Form Allocations are fully subscribed; and
 - (ii) Allotment of 90,000,000 Issue Shares for the redemption of 324,000,000 Keyfield CRNCPS.
- (3) Based on our enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options. Kindly refer to Section 4.4.3 for details on the ESOS.
- (4) All of our Promoters and Substantial Shareholders are Malaysian and in respect of corporate shareholders, are companies incorporated in Malaysia.
- (5) Deemed interested by virtue of his/her spouse's shareholdings in Keyfield.
- (6) Deemed interested by virtue of his shareholding in MEAM Holdings.
- (7) Deemed interested by virtue of his shareholding in Lavin Group.
- (8) Deemed interested by virtue of his shareholding in Veritas Aman.
- (9) Deemed interested by virtue of his shareholding in OM Ceria.

Our Promoters and Substantial Shareholders do not have different voting rights from the other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.1.2 Shareholders of Keyfield CRNCPS

The shareholders of Keyfield CRNCPS and their shareholdings before and after our IPO are set out below:

	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Keyfield CRNCPS '000	%	No. of Keyfield CRNCPS '000	%	No. of Keyfield CRNCPS '000	%	No. of Keyfield CRNCPS '000	%
Lavin Group	310,000	54.4	-	-	-	-	-	-
Stratos Private Equity	260,000	45.6	-	-	-	-	-	-
Calvin Lau Chuen Yien	-	-	⁽³⁾ 310,000	54.4	-	-	-	-
Chan Chiew Keat	-	-	⁽⁴⁾ 260,000	45.6	-	-	-	-
Leong Yeng Kit	-	-	⁽⁴⁾ 260,000	45.6	-	-	-	-

Notes:

- (1) Based on the total 570,000,000 Keyfield CRNCPS outstanding before our IPO.
- (2) As part of our IPO, all outstanding Keyfield CRNCPS will be redeemed.
- (3) Deemed interested by virtue of his shareholding in Lavin Group.
- (4) Deemed interested by virtue of their shareholdings in Stratos Private Equity.

5.1.3 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters and Substantial Shareholders are as follows:

(i) Darren Kee

Darren Kee is our Promoter and Substantial Shareholder. He is also our Executive Director/Group CEO. His profile is set out in Section 5.2.2.

(ii) Mohd Erwan

Mohd Erwan is our Promoter and Substantial Shareholder. He is also our Executive Director/Group COO. His profile is set out in Section 5.2.2.

(iii) Kate Ooi

Kate Ooi, Malaysian, aged 48, is our Promoter and Substantial Shareholder.

In 1998, Kate Ooi obtained a Diploma in Nursing (with Merit) from Nanyang Polytechnic, Singapore. She also obtained a Diploma in Early Childhood Education from Segi University, Malaysia in 2020.

In 1998, Kate Ooi started her career as a registered nurse with Singapore General Hospital and left in 2001. From 2001 to 2005, she was attached with Singapore Airlines as an air stewardess. From 2005 to 2013, she was a full time housewife.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In 2013, after the incorporation of Keyfield Offshore, Kate Ooi joined the company as our Human Resource and Administration Manager, a position she presently assumes.

Kate Ooi is the spouse of Darren Kee.

(iv) MEAM Holdings

MEAM Holdings, our Promoter and Substantial Shareholder, was incorporated as a private limited company under the Act on 10 December 2020.

The principal activity of MEAM Holdings is investment holding of shares in Keyfield.

As at the LPD, MEAM Holdings has a share capital of RM10 comprising 10 ordinary shares. The director and shareholder of MEAM Holdings is Mohd Erwan.

(v) Lavin Group

Lavin Group, our Substantial Shareholder, was incorporated in Malaysia under the Act on 13 January 2015.

The principal activities of Lavin Group are property investment holding and investment holding of shares in companies involved in various sectors, including property investments, vessel chartering (via Keyfield) and aviation.

As at the LPD, Lavin Group has a share capital of RM2,000,000 comprising 2,000,000 ordinary shares.

The directors of Lavin Group are Calvin Lau Chuen Yien and Ong Yock Lian.

As at the LPD, the shareholders and their respective shareholdings in Lavin Group are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Calvin Lau Chuen Yien	Malaysian	1,999,980	99.999	-	-
Ong Yock Lian	Malaysian	20	0.001	-	-

Brief profile of Calvin Lau Chuen Yien

Calvin Lau Chuen Yien, Malaysian, aged 40, is the director and shareholder of Lavin Group, our Substantial Shareholder.

He obtained a Diploma in Diamonds (March 2002), Gemology (July 2002), Coloured Stones (July 2002), as well as Accredited Jewellery Professional (July 2002) from the Gemological Institute of America, United States of America. In August 2004, he graduated with an Associate in Applied Science degree from the Fashion Institute of Technology (which is part of State University of New York), United States of America.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

(vi) OM Ceria

OM Ceria, our Substantial Shareholder, was incorporated in Malaysia under the Act on 23 October 2020. The principal activity of OM Ceria is investment holding of shares in Keyfield.

As at the LPD, OM Ceria has a share capital of RM100,000 comprising 100,000 ordinary shares.

The director and shareholder of OM Ceria is Tunku Azlan Bin Tunku Aziz.

Brief profile of Tunku Azlan Bin Tunku Aziz

Tunku Azlan Bin Tunku Aziz, Malaysian, aged 55, is the director and shareholder of OM Ceria, our Substantial Shareholder.

He obtained his Association of Chartered Certified Accountants (ACCA) Qualification in February 1996, and was admitted as an Associate in March 1999, and subsequently became a Fellow of the ACCA in March 2004. He is also a member of the Malaysian Institute of Accountants since January 2000.

In May 2021, he was appointed as the Independent Non-Executive Director of Sin Heng Chan (Malaya) Berhad, a company listed on the Main Market, a position he presently assumes. Since October 2022, he has been the Chief Financial Officer of Scomi Energy Services Berhad, a company listed on the Main Market, a position he presently assumes. In October 2023, he was appointed as a Director and member of the audit committee of Global Consumer Public Company Limited, a company listed on the Stock Exchange of Thailand.

(vii) Veritas Aman

Veritas Aman, our Substantial Shareholder, was incorporated in Malaysia under the Act on 18 November 2020. The principal activity of Veritas Aman is investment holding of shares in Keyfield.

As at the LPD, Veritas Aman has a share capital of RM100 comprising 100 ordinary shares.

The director and shareholder of Veritas Aman as at the LPD is Ikhlas Bin Kamarudin.

Brief profile of Ikhlas Bin Kamarudin

Ikhlas Bin Kamarudin, Malaysian, aged 32, is the director and shareholder of Veritas Aman, our Substantial Shareholder.

In June 2016, he graduated with a Bachelor of Arts Degree in International Business, Finance and Economics from the University of Manchester, United Kingdom.

In October 2019, he was appointed as the Non-Independent Non-Executive Director of Citaglobal Berhad, a company listed on the Main Market, a position he presently assumes.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

As at the LPD, he is the Head of Islamic Line of Business at Capital A Berhad, a company listed on the Main Market, a position which he assumed since October 2019 where he is responsible for the provision of Islamic services such as Umrah pilgrim services, Muslim-friendly travel services, and Zakat collection services.

5.1.4 Profiles of the shareholders of Keyfield CRNCPS

The profiles of the shareholders of Keyfield CRNCPS are as follows:

(i) Lavin Group

Lavin Group is the shareholder of Keyfield CRNCPS. It is also our Substantial Shareholder. Its profile is set out in Section 5.1.3(v).

(ii) Stratos Private Equity

Stratos Private Equity, the shareholder of Keyfield CRNCPS, was incorporated in Labuan on 12 April 2018. The principal activity of Stratos Private Equity is trading and private fund.

As at the LPD, Stratos Private Equity has a share capital of USD48,949,711 comprising 100,000 ordinary shares and 48,849,711 preference shares.

The directors of Stratos Private Equity are Chan Chiew Keat and Leong Yeng Kit.

As at the LPD, the shareholders and their respective shareholdings in Stratos Private Equity are as follows:

Name	Nationality / Country of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
<u>Ordinary Shares</u>					
Chan Chiew Keat	Malaysian	30,000	30.0	-	-
Leong Yeng Kit	Malaysian	70,000	70.0	-	-
<u>Preference Shares</u>					
Brentwood Energy Limited	Republic of Seychelles	48,849,711	100.0	-	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.1.5 Changes in the Promoters' and Substantial Shareholders' shareholdings

The changes in our Promoters and Substantial Shareholders' respective shareholdings since our incorporation on 30 November 2020 are as follows:

	As at the date of incorporation				After Second SPA				After capitalisation of shareholder's advances ⁽¹⁾				After Share Split ⁽²⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Darren Kee	1	50.0	-	-	73,714	41.0	⁽⁵⁾ 16,987	9.4	90,234	36.0	⁽⁵⁾ 16,987	6.8	180,469	36.0	⁽⁵⁾ 33,974	6.8
Kate Ooi	-	-	⁽⁴⁾ 1	50.0	16,987	9.4	⁽⁵⁾ 73,714	41.0	16,987	6.8	⁽⁵⁾ 90,234	36.0	33,974	6.8	⁽⁵⁾ 180,469	36.0
Mohd Erwan	1	50.0	-	-	26,805	14.9	-	-	26,805	10.7	⁽⁶⁾ 13,000	5.2	53,610	10.7	⁽⁶⁾ 26,000	5.2
MEAM Holdings	-	-	-	-	-	-	-	-	13,000	5.2	-	-	26,000	5.2	-	-
Lavin Group	-	-	-	-	49,091	27.3	-	-	68,091	27.2	-	-	136,182	27.2	-	-
Veritas Aman	-	-	-	-	-	-	-	-	22,000	8.8	-	-	44,000	8.8	-	-
OM Ceria	-	-	-	-	13,403	7.4	-	-	13,403	5.3	-	-	26,805	5.3	-	-
Calvin Lau Chuen Yien	-	-	-	-	-	-	-	-	-	-	⁽⁷⁾ 68,091	27.2	-	-	⁽⁷⁾ 136,182	27.2
Ikhlas Bin Kamarudin	-	-	-	-	-	-	-	-	-	-	⁽⁸⁾ 22,000	8.8	-	-	⁽⁸⁾ 44,000	8.8
Tunku Azlan Bin Tunku Aziz	-	-	-	-	-	-	-	-	-	-	⁽⁹⁾ 13,403	5.3	-	-	⁽⁹⁾ 26,805	5.3

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

	After IPO ⁽³⁾				After IPO and assuming full exercise of ESOS Options ⁽⁴⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Darren Kee	181,469	22.7	⁽⁵⁾ 34,474	4.3	184,269	22.3	⁽⁵⁾ 35,474	4.3
Kate Ooi	34,474	4.3	⁽⁵⁾ 181,469	22.7	35,474	4.3	⁽⁵⁾ 184,269	22.3
Mohd Erwan	54,610	6.8	⁽⁶⁾ 26,000	3.2	57,410	6.9	⁽⁶⁾ 26,000	3.2
MEAM Holdings	26,000	3.2	-	-	26,000	3.2	-	-
Lavin Group	216,182	27.0	-	-	216,182	26.1	-	-
Veritas Aman	44,000	5.5	-	-	44,000	5.3	-	-
OM Ceria	26,805	3.4	-	-	26,805	3.2	-	-
Calvin Lau Chuen Yien	-	-	⁽⁷⁾ 216,182	27.0	-	-	⁽⁷⁾ 216,182	26.1
Ikhlas Bin Kamarudin	-	-	⁽⁸⁾ 44,000	5.5	-	-	⁽⁸⁾ 44,000	5.3
Tunku Azlan Bin Tunku Aziz	-	-	⁽⁹⁾ 26,805	3.4	-	-	⁽⁹⁾ 26,805	3.2

Notes:

- (1) Kindly refer to Section 6.2.3.2 for details on capitalisation of shareholder's advances.
- (2) Based on the share capital of 501,040,000 Shares before our IPO.
- (3) Based on our enlarged share capital of 800,000,000 Shares after our IPO and including the following:
- (i) Assuming that the Pink Form Allocations are fully subscribed; and
 - (ii) Allotment of 90,000,000 Issue Shares for the redemption of 324,000,000 Keyfield CRNCPS.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(Cont'd)*

- (4) Based on our enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options. Kindly refer to Section 4.4.3 for details on the ESOS.
- (5) Deemed interested by virtue of his/her spouse's shareholdings in Keyfield.
- (6) Deemed interested by virtue of his shareholding in MEAM Holdings.
- (7) Deemed interested by virtue of his shareholding in Lavin Group.
- (8) Deemed interested by virtue of his shareholding in Veritas Aman.
- (9) Deemed interested by virtue of his shareholding in OM Ceria.

5.1.6 Persons exercising control over the corporation

Save for our Promoters and Substantial Shareholders named above, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.7 Substantial Shareholders' remuneration and benefits

Save for the dividends paid to our shareholders as disclosed in Section 11.13 and our Directors' remuneration and benefits as disclosed in Section 5.2.4, the remuneration and benefits paid to our Substantial Shareholder (excluding our Directors and key senior management) in the past 2 years immediately preceding the date of this Prospectus are as follows:

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Kate Ooi	401	449	462

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are set out below:

	Before IPO ⁽¹⁾				After IPO ⁽²⁾				After IPO and assuming full exercise of ESOS Options ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Haida Shenny Binti Hazri	-	-	-	-	300	0.04	-	-	800	0.1	-	-
Darren Kee	180,469	36.0	⁽⁴⁾ 33,974	6.8	181,469	22.7	⁽⁴⁾ 34,474	4.3	184,269	22.3	⁽⁴⁾ 35,474	4.3
Mohd Erwan	53,610	10.7	⁽⁵⁾ 26,000	5.2	54,610	6.8	⁽⁵⁾ 26,000	3.2	57,410	6.9	⁽⁵⁾ 26,000	3.2
Julannar Binti Abd Kadir	-	-	-	-	300	0.04	-	-	800	0.1	-	-
Lim Chee Hwa	-	-	-	-	300	0.04	100	*	800	0.1	180	*
Chia Chee Hoong	-	-	-	-	300	0.04	-	-	800	0.1	-	-

Notes:

* Negligible.

⁽¹⁾ Based on the share capital of 501,040,000 Shares before our IPO.

⁽²⁾ Based on our enlarged share capital of 800,000,000 Shares after our IPO and assuming that the Pink Form Allocations are fully subscribed.

⁽³⁾ Based on our enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options. Kindly refer to Section 4.4.3 for details on the ESOS.

⁽⁴⁾ Deemed interested by virtue of his spouse's shareholding in Keyfield.

⁽⁵⁾ Deemed interested by virtue of his shareholding in MEAM Holdings.

⁽⁶⁾ Deemed interested by virtue of his daughter's shareholding in Keyfield, assuming she fully subscribes for her entitlement under the Pink Form Allocations and assuming full exercise of ESOS Options. His daughter is an employee of Keyfield Offshore.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) Haida Shenny Binti Hazri

Haida Shenny Binti Hazri, a Malaysian, aged 50, is our Independent Non-Executive Chairperson. She was appointed to our Board on 13 January 2021.

She graduated with the Bachelor of Commerce (in April 1996) and Bachelor of Laws (in December 1997) from The University of Melbourne, Australia. She obtained a Master of Laws from Universiti Malaya, Malaysia in August 2005. She is a member of the Institute of Corporate Directors Malaysia (ICDM) since May 2019.

She began her career in March 1998 with PETRONAS, and was employed with the PETRONAS group of companies until her resignation in November 2012. During this period, she was assigned to work as an in-house legal counsel for PCSB from March 1998 to August 2004, and later moved to head the legal outfit for liquefied natural gas ("LNG") in PETRONAS from August 2004 to October 2007. In her role as a legal counsel, she was responsible for various negotiations and legal matters for the exploration and production business ("E&P") as well as gas and LNG sales and purchase transactions. From October 2007 to October 2010, she moved from a legal role to a commercial role in PETRONAS and served as the General Manager of the Technology Commercialisation unit in PETRONAS from 2010 to 2012.

In January 2012, she was appointed as Chief Executive Officer of Petronas Technology Ventures Sdn Bhd, a wholly-owned subsidiary of PETRONAS, where she led the commercialisation of PETRONAS' own technologies as well as technology investment in LanzaTech New Zealand Limited. She was a board member of a few PETRONAS entities as well as the technology entity that PETRONAS is a shareholder.

Subsequently in November 2012, she left the PETRONAS group of companies and joined Sapura Energy Berhad (known as SapuraKencana Petroleum Berhad at that time), a company listed on the Main Market which is principally involved in the provision of oil and gas solutions including engineering, construction, drilling, exploration and production, as Vice President of Strategy & New Ventures, where she was part of the start-up for the E&P business for Sapura Energy Berhad that led the successful acquisition process for Newfield Malaysia Holdings Inc.

In June 2015, she left Sapura Energy Berhad and joined Matrix Reservoir Sdn Bhd as Chief Executive Officer. Matrix Reservoir Sdn Bhd is the owner and operator of Tok Bali Supply Base, the third supply base built in Malaysia to serve the oil and gas industry. Matrix Reservoir Sdn Bhd is principally involved in the business of integrated supply base and bulk terminal operator at the port and any and all ancillary businesses in the Tok Bali area, state of Kelantan, Malaysia. As the Chief Executive Officer, she led the start-up and operationalisation of the supply base as well as the successful sale of its majority interest to Ahmad Zaki Resources Berhad ("AZRB"). Post the sale of the majority interest to AZRB, she left Matrix Reservoir Sdn Bhd in March 2016 and joined Bintulu Supply Base Sdn Bhd in September 2017 to build another supply base in Bintulu. She served as Chief Executive Officer of Bintulu Supply Base Sdn Bhd until September 2019.

In April 2015, she incorporated Putih Petroleum Sdn Bhd, an investment holding company and Putih Advisors Asia Sdn Bhd which was set up for the provisions of advisory services for the oil and gas upstream sector, supply base and port related matters, holding 99.0% shareholdings and was appointed as a Director. In April 2021, she increased her shareholdings in Putih Petroleum Sdn Bhd to 100%.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In June 2017, she was appointed as the Non-Independent Non-Executive Director of Velesto Energy Berhad, a company listed on the Main Market which is principally involved in the provision of offshore drilling services and related services to the upstream oil and gas sector, a position she presently assumes. In August 2018, she was appointed as the Independent Non-Executive Director of Privasia Technology Berhad, a company listed on the ACE Market of Bursa Securities which is principally involved in provision of information, communications and technology as well as business outsourcing, a position she presently assumes.

In August 2019, she was appointed as the Non-Independent Non-Executive Director of Matrix Reservoir Sdn Bhd, a subsidiary of AZRB, a company listed on the Main Market, a position she presently assumes.

Since September 2019, she has undertaken advisory work in her capacity as a director of Putih Advisors Asia Sdn Bhd. In February 2021, she set up Putih Energy FZCO in Dubai, United Arab Emirates, a company involved in logistics consultancy, management consultancies and project management services.

In July 2023, she was appointed as a Director in Rotoboost Holdings Ltd, a compact zero carbon hydrogen technology company where its technology converts natural gas into hydrogen and solid carbon using a liquid catalyst.

Her involvement in the above companies does not have any conflict of interest with our Group as they are in different segments within the oil and gas industry.

Kindly refer to Section 5.2.3 for her involvement in business activity outside our Group.

(ii) **Darren Kee**

Darren Kee, a Malaysian, age 52, is our Executive Director/Group CEO. He is responsible for the overall management of our Group since its establishment, overseeing and driving our strategic and financial planning, business development and day-to-day business operations, including sourcing and negotiating the commercial terms of chartering contracts, liaising with third-party vessel owners, and financing of our Group's operations. He was appointed to our Board on 30 November 2020.

Darren Kee graduated with a Bachelor of Commerce from Monash University, Australia in August 1995. He began his working career in 1995 in the investment banking field, which spanned approximately 9 years across several merchant/investment banks in Malaysia. In January 1995, Darren Kee joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) as an Officer, Corporate Banking before leaving in September 1996 to join AmMerchant Bank Berhad (now known as AmInvestment Bank Berhad) as an Officer, Corporate Finance until September 1998. He took a short career break before joining K&N Kenanga Berhad (now known as Kenanga Investment Bank Berhad) in April 1999 as a Manager, Corporate Finance. He left K&N Kenanga Berhad in December 2001 to join Southern Investment Bank Berhad in January 2002 (which has since been acquired by CIMB Banking Group and is now part of CIMB Investment Bank Berhad) as a Senior Manager, Corporate Finance until he resigned in September 2003. During this time, he had accumulated experience in both the corporate finance department, being involved in corporate exercises such as initial public offerings, mergers and acquisitions, takeovers, corporate restructurings, business valuations and due diligence, and the corporate banking department, being involved in activities such as loan syndications, review of credit proposals/documentations, private debts securities, credit analysis, and loan disbursement.

From September 2003 to May 2005, Darren Kee was appointed as an Executive Director of Firstlink Investment Corporation Limited ("Firstlink"), an investment holding company which was previously listed on the Mainboard of Singapore Exchange ("SGX") with its subsidiaries

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

then principally involved in salt mining and property holdings, where he handled corporate affairs and finance, and to oversee the group's corporate requirements as well as funding and acquisition of new assets, disposal of existing assets. During the same period, he was also the Executive Director of Astral Supreme Berhad (now known as Vizione Holdings Berhad), a company listed on the Main Market, which is a subsidiary of Firstlink where he was a corporate representative of Firstlink.

From July 2005 to April 2008, Darren Kee served as an Independent Non-Executive Director of Cepatawawasan Group Berhad, a company listed on the Main Market.

In August 2007, Darren Kee was appointed as an Executive Director of Advance Modules Group Limited, an investment holding company which was previously listed on the Mainboard of SGX. It is principally involved in manufacturing and trading of memory modules and semiconductor products, where he handled corporate affairs and finance of the company. He was redesignated as Non-Executive Director in May 2008 and served in that role until he resigned in August 2008.

In May 2008, Darren Kee incorporated Keebridge Resources Sdn Bhd ("Keebridge") (which was then involved in the trading of sand and building of vessel) and Quaywealth Ventures Sdn Bhd (which was then involved in trading of wood products and currently involved in the cultivation of agricultural products for sale).

In May 2013, he incorporated Keyfield Offshores Limited (KOL) and in October 2013, he also incorporated Wisdom Creator Limited (WCL), which were then involved in shipbuilding activities for offshore support service vessels (primarily AWBs). KOL ceased its operations in December 2014 and was deregistered from the Companies Registry (Hong Kong) in June 2021 while WCL ceased its shipbuilding activities in December 2020.

Kindly refer to Section 5.2.3 for his involvement in business activities outside our Group.

(iii) **Mohd Erwan**

Mohd Erwan, a Malaysian, age 41, is our Executive Director/Group COO. He is responsible for all technical and daily operational matters of our Group, including business development activities such as tendering and execution of chartering projects, overseeing the technical and operational compliance for projects undertaken, health, safety and environmental matters and licensing requirements. He was appointed to our Board on 30 November 2020.

Mohd Erwan graduated with a Bachelor of Mechanical Engineering (Marine Technology) from Universiti Teknologi Malaysia in March 2008. He obtained a Master of Business Administration from Anglia Ruskin University, United Kingdom in January 2020.

He has at least 16 years of experience in project management, shipbuilding and repair of vessels including naval ships, luxury yachts as well as commercial vessels. He began his career in March 2008 as a Technical Executive with Boustead Langkawi Shipyard Sdn Bhd, a company principally involved in the construction, repair and maintenance of boats and yachts where he was attached to the engineering department. In July 2011, he was transferred to Boustead Penang Shipyard Sdn Bhd, a company principally involved in heavy engineering, ship repair and shipbuilding, fabrication of steel structures and platforms, marine engineering, oil and gas fabrication, hook up and commissioning, as a Technical Executive handling project management. During his employment with Boustead Penang Shipyard Sdn Bhd, he was based in Kuala Lumpur where he was attached to the Defence and Security Division of Boustead Heavy Industries Corporation Berhad, a company listed on the Main Market and a holding company of Boustead Penang Shipyard Sdn Bhd. During March 2008 to November 2012, while he was attached to the above companies within the Boustead group, he was

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

mainly involved in project management, contract and technical documentation and managing project expenditures.

In November 2012, he joined Keebridge as an Assistant Manager where he was involved in the building of vessel until his resignation in March 2014. In April 2014, Mohd Erwan joined Keyfield Offshore as Senior Vice President (Shipbuilding and Client Coverage) where he was mainly responsible for all shipbuilding technical support activities and oversees the entire shipbuilding process including design, procurement, construction and commissioning and delivery of the vessels to Malaysia.

In July 2018, he assumed his present position as our Group COO. As our Group COO, he is well versed with the technical and operational requirements as well as market development of accommodation vessels in the Malaysian oil and gas industry. He is our Group's key liaison with oil and gas contractors, PCSB and PACs as well as marine authorities. In November 2020, he became a shareholder of our Company.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

(iv) **Julannar Binti Abd Kadir**

Julannar Binti Abd Kadir, a Malaysian, aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 11 February 2022. She is also the chairman of our Audit and Risk Management Committee and member of our Remuneration Committee and Nominating Committee.

She completed the Chartered Institute of Management Accountants of the United Kingdom ("CIMA") and was admitted as an Associate in September 2004, and subsequently became a Fellow of CIMA in October 2023. She is also a member of the Malaysian Institute of Accountants since July 2005.

She began her career in February 1998 as an Accounts Executive with APL-NOL (M) Sdn Bhd and was later promoted to Financial Controller in November 2003 where she headed the finance team and was responsible for, among others, carrying out investment analyses and ensuring compliance of internal controls, monthly and statutory reporting as well as legal and regulatory compliance.

In November 2005, she resigned from APL-NOL (M) Sdn Bhd and in November 2005, she joined Bumi Armada Berhad, a company listed on the Main Market, principally involved in the provision of marine transportation, engineering and maintenance services to the offshore oil and gas industry, as its Manager, Finance. Here, she was mainly responsible for the management reporting, budgeting and management of cash flow and treasury operations of the group.

She was later promoted to Senior Manager, Finance in February 2008 where her additional key responsibilities included being the Project Manager to oversee the successful implementation of the SAP system (an enterprise resource planning software) for Bumi Armada Berhad.

In March 2009, she was then assigned to lead the Group Billing and Accounts Receivable Team which focused on close monitoring and reporting of revenue and accounts receivable for the group. She handled the same portfolio as Senior Manager heading the Group Billing and Accounts Receivable Team until December 2017. She was also one of the key personnel contributing towards the successful re-listing of Bumi Armada Berhad on Bursa Securities in July 2011.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In January 2018, she was appointed as the Business Controller (Engineering & Project) with Bumi Armada Engineering Sdn Bhd (the engineering subsidiary of Bumi Armada Berhad), a new position created to spearhead the standardisation of the group's internal reports across all business units as well as realigning the business process management for the engineering and the project team. She was also responsible for overseeing the business and financial reporting of the subsidiary company. She retired from this position in December 2021 after serving Bumi Armada Berhad group of companies in various capacities for over 16 years.

Julannar Binti Abd Kadir has no involvements in other business activities outside our Group.

(v) Lim Chee Hwa

Lim Chee Hwa, a Malaysian, aged 66, is our Independent Non-Executive Director. He was appointed to our Board on 9 May 2023. He is also the chairman of our Remuneration Committee and member of our Audit and Risk Management Committee and Nominating Committee.

He graduated with a Bachelor of Arts (Economics and Geography) from Middlesex University, United Kingdom in July 1982.

He began his career in August 1982 as a Valuation Assistant with Ernest Cheong & Zaki Sdn Bhd where his duties included inspection of various landed properties and apartments, providing recommendations of market value while also responsible for feasibility studies on housing and commercial development projects. In March 1984, he left Ernest Cheong & Zaki Sdn Bhd and join Bangkok Bank Berhad as an Administrative Officer, where his duties included sales and marketing of commercial banking products and loan administration. He left Bangkok Bank Berhad in September 1997.

In November 1997, he joined Classic Frame Moulding (M) Sdn Bhd as Finance and Marketing Director. In this position, he was primarily responsible for overseeing the company's finance department as well as the business development and marketing strategies of the company's products. Since November 1997, he has been a director in various subsidiaries of Classic Scenic Berhad (including Classic Frame Moulding (M) Sdn Bhd). He was appointed as an Executive Director of Classic Scenic Berhad in August 2004 where he led the Investment Relationship Division of Classic Scenic Berhad, upon the listing of Classic Scenic Berhad on the Main Market.

Apart from having experience as an Executive Director of Classic Scenic Berhad, he also held various roles in the Malaysian Wood Moulding & Joinery Council, where he served as a Director, Deputy Chairman, and Chairman in September 2001, July 2012, and June 2016 respectively, before stepping down in July 2021. He was also appointed as a member of the Board of Trustees with the Malaysia Timber Industry Board and Malaysian Timber Council where he served as a member between the periods of May 2012 to December 2016 and January 2018 to July 2020 respectively.

In July 2021, he retired as a director of Classic Scenic Berhad and its subsidiaries.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

(vi) Chia Chee Hoong

Chia Chee Hoong, a Malaysian, aged 47, is our Independent Non-Executive Director. He was appointed to our Board on 9 May 2023. He is also the chairman of our Nominating Committee and member of our Audit and Risk Management Committee and Remuneration Committee.

He graduated with a Bachelor of Laws from University of London in August 1999 and later obtained a Certificate of Legal Practice from the Legal Profession Qualifying Board in September 2000. In October 2001, he was admitted as an Advocate & Solicitor of the High Court of Malaya. He furthered his legal studies at University College London where he graduated with a Master of Laws in November 2004, specialising in Corporate and Securities law.

He began his career in December 2001 as a legal associate with Zain & Co. In June 2008, he resigned from Zain & Co and subsequently joined Zaid Ibrahim & Co as a senior associate. He left Zaid Ibrahim & Co in December 2009.

In January 2010, he joined Rahmat Lim & Partners as a Partner and starting in January 2023, he also co-heads the corporate mergers and acquisitions division of Rahmat Lim & Partners.

In October 2015, he was appointed as the Chairman and Independent Non-Executive Director of Salutica Berhad, a company listed on the Main Market, a position he presently assumes.

Kindly refer to Section 5.2.3 for his involvements in other business activities outside our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Haida Shenny Binti Hazri

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Putih Petroleum Sdn Bhd	Investment holding of shares in Kedai Bikin Sdn Bhd	Director / Shareholder	29 April 2015	-	100.00	-
2. Putih Advisors Asia Sdn Bhd	Provision of advisory services for the oil and gas upstream sector, supply base and port related matters	Director / Shareholder	30 April 2015	-	100.00	-
3. Kedai Bikin Sdn Bhd	Trading of furniture products and provision of interior consultancy	Director / Shareholder	3 April 2017	-	-	⁽¹⁾ 15.00
4. Velesto Energy Berhad (a company listed on the Main Market)	Investment holding of companies involved in the provision of offshore drilling services and related services to the upstream oil and gas sector	Non-Independent Non-Executive Director	23 June 2017	-	-	-
5. Privasia Technology Berhad (a company listed on ACE Market of Bursa Securities)	Investment holding of companies involved in the provision of information, communications and technology as well as business outsourcing	Independent Non-Executive Director	9 August 2018	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
6. Matrix Reservoir Sdn Bhd (a subsidiary of AZRB, a company listed on the Main Market)	Investment holding and rental of plant, machineries and equipment	Non-Independent Non-Executive Director / Shareholder	7 August 2019	-	1.27	-
7. Putih Energy FZCO ⁽²⁾	Provision of logistics consultancy, management consultancy and project management services	Director / Shareholder	7 February 2021	-	100.0	-
8. Rotoboost Holdings Ltd	A compact zero carbon hydrogen technology company where its technology converts natural gas into hydrogen and solid carbon using a liquid catalyst	Director	31 July 2023	-	-	-

Notes:

⁽¹⁾ Deemed interested by virtue of her shareholding in Putih Petroleum Sdn Bhd.

⁽²⁾ Putih Energy FZCO is a free zone company with limited liability that was incorporated on 7 February 2021 in Dubai, United Arab Emirates.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)
(ii) Darren Kee

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>						
1. Quaywealth Ventures Sdn Bhd	Cultivation of agricultural products for sale	Director / Shareholder	12 August 2008	-	20.00	⁽¹⁾ 20.00
<u>Past involvement</u>						
1. Jelas Dinamik Sdn Bhd	Provision of general trading (Dissolved on 21 July 2021)	Director / Shareholder	6 August 2008	-	10.00	-
2. KOL	Inactive (Deregistered from the Companies Registry (Hong Kong) in 2021)	Director / Shareholder	6 May 2013	-	⁽¹⁾ 90.00	-
3. WCL	Dormant. It was previously involved in shipbuilding activities	Director / Shareholder ⁽²⁾	8 January 2014	25 April 2023	-	-
4. Keebridge Resources Sdn Bhd	Inactive (Wound up on 5 July 2022)	Director / Shareholder	27 August 2008	31 December 2013	24.07	⁽³⁾ 0.93

Notes:

⁽¹⁾ Remaining 10% interest in KOL was held by Mr Chen Bing Rong, a Chinese national.

⁽²⁾ Darren Kee sold 100% equity interest in WCL on 25 April 2023.

⁽³⁾ Deemed interested by virtue of his spouse's shareholding in these companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)
(iii) Mohd Erwan

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment/ Registration date</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>						
1. MEAM Holdings	Investment holding of shares in Keyfield	Director / Shareholder	10 December 2020	-	100.00	-
2. Quaywealth Ventures Sdn Bhd	Cultivation of agricultural products for sale	Shareholder	-	-	30.00	-
<u>Past involvement</u>						
1. Allegiant Enterprise	Supply of boat accessories, furniture, decorations, catering and construction of yachts (Terminated on 8 February 2022)	Sole Proprietor	14 December 2017	-	100.00	-
2. SSR Marine Tech (M) Sdn Bhd	Provision of engineering services, construction of other engineering projects and wholesale of goods	Director / Shareholder	7 January 2020	17 January 2021	50.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)
(iv) Lim Chee Hwa

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment/ Registration date</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>						
1. Lim Ket Leng Holding Sdn Bhd	Dormant. It was previously involved in the manufacturing of wooden picture frame mouldings and timber products	Director / Shareholder	17 November 1997	-	20.24	-
<u>Past involvement</u>						
1. Malaysian Wood Moulding and Joinery Council	Promotion of manufacturing and processing of wood moulding and products of similar nature	Director	20 September 1999	1 July 2021	-	-
2. Malaysian Timber Council	Promotion of the timber industry	Director	1 January 2018	31 July 2020	-	-
3. Classic Scenic Berhad (a company listed on the Main Market)	Investment holding of companies which are principally involved in the manufacture and sale of wooden picture frame mouldings, timber products, sawmilling and rental of properties	Director	3 August 2004	26 July 2021	-	-
<u>Subsidiaries of Classic Scenic Berhad (a company listed on the Main Market)</u>						
(1) Classic Frame Moulding (M) Sdn Bhd	Dormant. It was previously involved in property holding and rental of properties	Director	17 November 1997	26 July 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

	Company	Principal activities	Involvement / Position held	Date of appointment/ Registration date	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
(2)	Cscenic Agro Marketing Sdn Bhd	Dormant. It was previously involved in trading and marketing of herb products, spices and food related products	Director	25 August 2008	26 July 2021	-	-
(3)	Finesse Moulding (M) Sdn Bhd	Manufacture and sale of wooden picture frame mouldings	Director	4 September 2006	26 July 2021	-	-
(4)	Lim Ket Leng Realty Sdn Bhd	Property holding and rental of properties	Director	17 November 1997	26 July 2021	-	-
(5)	Lim Ket Leng Timber Sdn Bhd	Manufacture and sale of timber products	Director	17 November 1997	26 July 2021	-	-
(6)	Scenic Moulding (M) Sdn Bhd	Property holding and rental of properties	Director	3 December 2001	26 July 2021	-	-
(7)	Lim Ket Leng Marketing Sdn Bhd	Dormant. It was previously involved in marketing of timber products	Director	17 November 1997	26 July 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)
(v) Chia Chee Hoong

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>Date of appointment/ Registration date</u>	<u>Date of resignation</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Present involvement</u>						
1. Salutica Berhad (a company listed on the Main Market)	Investment holding of companies principally involved in the provision of vertical integration processes covering product design and development, manufacturing of mobile communication products, wireless electronics, embedded computing devices as well as lifestyle devices	Chairman and Independent Non-Executive Director / Shareholder	15 October 2015	-	0.071	-
2. Rahmat Lim & Partners	Provision of legal services	Partner	1 January 2010	-	-	-
<u>Past involvement</u>						
1. MRA Communications (Malaysia) Sdn Bhd	Dormant. It was previously involved in direct selling activities	Director/ Shareholder	25 June 2013	26 August 2021	50.00	-
2. Goods Republic Sdn Bhd	Dormant. (Dissolved on 2 February 2024)	Shareholder	6 April 2021	7 July 2023	36.8	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Director/Group CEO and Executive Director/Group COO in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group. The involvement of our Independent Non-Executive Directors in those business activities will not affect their contribution to our Group.

5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022, FYE 2023 and financial year ending 2024 ("FYE 2024") are as follows:

FYE 2022	Directors' fees	Salaries	Bonuses	Statutory contributions⁽¹⁾	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors						
Haida Shenny Binti Hazri	48	-	-		6	54
Julannar Binti Abd Kadir ⁽²⁾	44	-	-		3	47
Lim Chee Hwa ⁽³⁾	-	-	-	-	-	-
Chia Chee Hoong ⁽³⁾	-	-	-	-	-	-
Executive Directors						
Darren Kee	36	1,200	600	216	-	2,052
Mohd Erwan	36	408	213	74	-	731

FYE 2023	Directors' fees	Salaries	Bonuses	Statutory contributions⁽¹⁾	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors						
Haida Shenny Binti Hazri	56	-	-	-	5	61
Julannar Binti Abd Kadir	56	-	-	-	5	61
Lim Chee Hwa ⁽³⁾	40	-	-	-	5	45
Chia Chee Hoong ⁽³⁾	40	-	-	-	5	45
Executive Directors						
Darren Kee	36	1,500	1,200	325	-	3,061
Mohd Erwan	36	468	433	106	-	1,043

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

Proposed for FYE 2024	Directors' fees	Salaries	Bonuses	Statutory contributions⁽¹⁾	Benefits-in- kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors						
Haida Shenny Binti Hazri	60	-	-	-	9	69
Julannar Binti Abd Kadir	60	-	-	-	9	69
Lim Chee Hwa	60	-	-	-	9	69
Chia Chee Hoong	60	-	-	-	9	69
Executive Directors						
Darren Kee	36	2,400	-	288	-	2,724
Mohd Erwan	36	504	-	61	-	601

Notes:

- (1) Including contributions to the Employees Provident Fund (EPF), Social Security Organisation (SOC SO) and Employment Insurance System (EIS).
- (2) Julannar Binti Abd Kadir was appointed to our Board in February 2022.
- (3) Lim Chee Hwa and Chia Chee Hoong were appointed to our Board in May 2023.

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given.

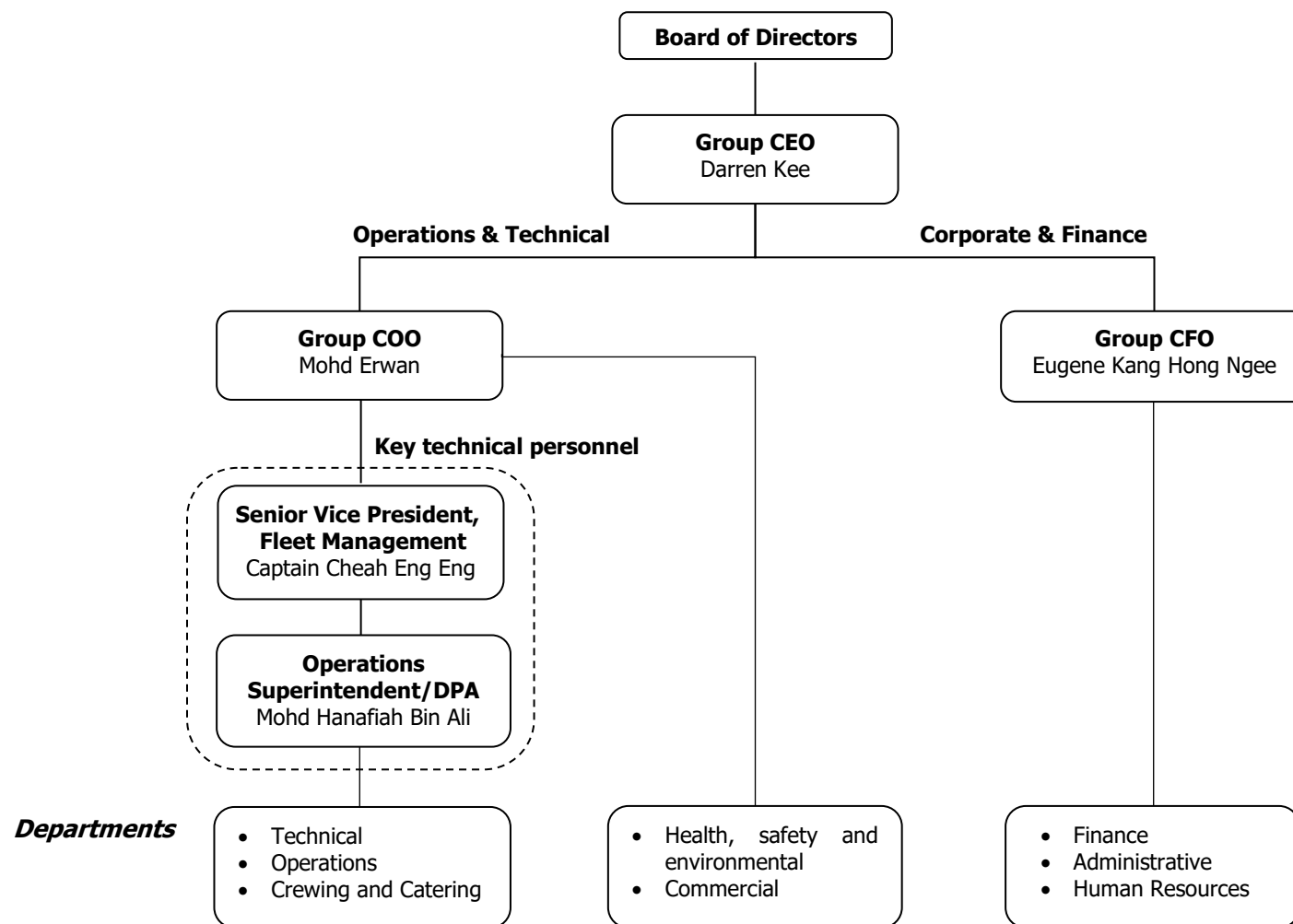
Please refer to Section 14.2 for further details.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management Structure



Abbreviation:

DPA = Designated Person Ashore, who is responsible for ensuring the safe operation of all the vessels within our Group

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

5.3.2 Key senior management's shareholdings

The shareholdings of our key senior management (other than Darren Kee and Mohd Erwan) in our Company before and after our IPO assuming that our key senior management will fully subscribe for their entitlement under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO				After IPO ⁽¹⁾⁽²⁾				After IPO and assuming full exercise of ESOS Options ⁽³⁾			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Eugene Kang Hong Ngee	Group CFO / Malaysian	-	-	-	-	1,000	0.12	-	-	4,300	0.5	-	-
Captain Cheah Eng Eng	Senior Vice President, Fleet Management / Malaysian	-	-	-	-	600	0.07	-	-	3,400	0.4	-	-
Mohd Hanafiah Bin Ali	Operations Superintendent / Designated Person Ashore / Malaysian	-	-	-	-	250	0.03	-	-	750	0.1	-	-

Notes:

⁽¹⁾ Based on the enlarged share capital of 800,000,000 Shares after the IPO.

⁽²⁾ Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

⁽³⁾ Based on our enlarged share capital of 828,000,000 Shares assuming full exercise of 28,000,000 ESOS Options.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.3.3 Profiles of key senior management

The profiles of our other key senior management are as follows:

(i) Eugene Kang Hong Ngee

Eugene Kang Hong Ngee, a Malaysian, aged 52, is our Group CFO. He is responsible for the finance, human resources and administrative matters of our Group.

He obtained his Association of Chartered Certified Accountants (ACCA) Qualification in September 1995, and was admitted as an Associate in October 1998, and subsequently became a Fellow of the ACCA in October 2003. He is also a member of the Malaysian Institute of Accountants since May 2000.

He started his career in September 1995 as an Audit Assistant in Price Waterhouse (now known as PricewaterhouseCoopers), Malaysia before progressing to the position of Assistant Manager in January 2000. Subsequently, he joined Amanah Merchant Bank Berhad (now known as Alliance Investment Bank Berhad) as Assistant Manager in August 2000 and HwangDBS Securities Berhad (now known as Affin Hwang Investment Bank Berhad) as Manager in July 2003, and worked in their respective corporate finance departments. During that period, he was involved in various projects, including initial public offerings, equity fund raising, debt restructurings and mergers and acquisitions.

Upon his resignation from HwangDBS Securities Berhad in August 2007, he joined BH Realty Sdn Bhd, a subsidiary of Asian Pac Holdings Berhad, a company listed on the Main Market which is principally involved in property development as the Deputy General Manager, Corporate Planning. He resigned from this position in May 2008 and joined Rubberflex Sdn Bhd, a rubber-based product manufacturer and exporter, as its Director and Chief Financial Officer for a period of approximately 10 years, where he was responsible for finance, accounting, taxation and corporate matters. In August 2010, he was appointed as a director of Rubberflex Reenergy Sdn Bhd, a wholly-owned subsidiary of Rubberflex Sdn Bhd which is involved in wastewater treatment and production of renewable energy where he was responsible for finance and accounting matters. Subsequently in March 2018, he resigned from both Rubberflex Sdn Bhd and Rubberflex Reenergy Sdn Bhd. In May 2018, he joined S&P International Holding Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited which is principally involved in food and beverage manufacturing as its Chief Financial Officer, where he was responsible for the corporate and financial matters of the group.

In September 2020, he left S&P International Holding Limited and assumed his present position in our Group as Group CFO since October 2020.

Eugene Kang Hong Ngee has no involvements in other business activities outside our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

(ii) Captain Cheah Eng Eng

Cheah Eng Eng, Malaysian, aged 52, is our Senior Vice President, Fleet Management. He is primarily responsible for overseeing the daily operations of the vessels managed by our Group, which includes fleet management, crewing and catering.

He obtained his Advanced Diploma in Maritime Transportation from Singapore Polytechnic in May 1997. In July 1999, he obtained his Certificate of Competency Class 1 (Master Mariner) issued by Maritime and Port Authority, Singapore, allowing him to serve in the capacity of a Master. He began his career in June 1990 as a mariner under the sponsorship program with Neptune Orient Lines / Neptune Shipmanagement Services Pte Ltd, Singapore until January 2000.

From March 2000 until September 2000, he had a short stint as a Lecturer in the Post Sea Nautical Department, Malaysia Maritime Academy. He taught various classes ranging from pre-sea to Class 1 master's students. In September 2000, he joined Matthews-Daniel International (M) Sdn Bhd as a Marine Surveyor and was promoted to Marine Manager in May 2003. Here, he was mainly responsible for marine and cargo surveys, covering various types of marine insurance-related investigations, damage, and loss mitigation such as collision, grounding, cargo damage or contamination, cargo salvage, and disputes for numerous International P&I (Protection and Indemnity) clubs, vessel owners and charterers. He also undertakes Marine Warranty Survey services for various Oil and Gas Operators on projects based in Malaysia, Thailand, and Vietnam.

In May 2007, he left Matthews-Daniel International (M) Sdn Bhd and joined Germanischer Lloyd GLM Sdn Bhd as Department Head – Marine Warranty Survey Services (Oil & Gas), acting in the capacity of a Marine Captain/Marine Warranty Surveyor. He supervised and managed various offshore-related activities and projects such as reviewing and approval for anchor handling procedures and patterns, condition, and suitability surveys for various types of vessels, barge moves, tow master/representative, attending to offshore and approval for critical activities such as pipe laying offshore structures installation, subsea tie-ins, and more in the South East Asia region.

In September 2008, he left Germanischer Lloyd GLM Sdn Bhd and in October 2008, he joined EP Engineering Sdn Bhd as General Manager - Offshore Marine Support Services (KL Head Office) while also being appointed as the Operations Manager for PT EP Oilfield Services and PT EP Oilfield Supplies, the Indonesian branch of EP Engineering Sdn Bhd. He was mainly responsible for managing the tender process for marine projects, chartering, and operations of the chartered vessel. At the same time, he managed and oversaw the day-to-day operations of the Indonesian branch office, including but not limited to provisions of manpower and consulting services to various Oil and Gas Companies. In April 2012, he left EP Engineering Sdn Bhd.

In May 2012, he joined Carigali Hess Operating Company Sdn Bhd as Company Site Representative (Transportation and Installation) cum Offshore Installation Coordinator where he led a small Transportation and Installation team consisting of engineers, marine and HSSE, and assisted the Project Manager in managing and coordinating the offshore Transportation and Installation Projects, until April 2014.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In May 2014, he joined Murphy Sarawak Oil Company ("MOC"), and subsequently rolled over to PTTEP Sarawak Oil Limited when MOC divested from Malaysia, as Marine Specialist / Site Representative where he was mainly responsible for managing and coordinating with Offshore Contractors shore base team and vessel's Master associated to green field Transportation and Installation (T&I), Hook Up and Commissioning (HUCC), Brownfield (Maintenance), Well Intervention and Drilling teams on marine requirements, suitability surveys, Safety, Security, Health and Environment (SSHE), vessel's movements/activities at field as well as coordinating with internal logistics department.

In May 2022, he left PTTEP Sarawak Oil Limited and joined Keyfield Group in June 2022 as Senior Vice President, Fleet Management.

Cheah Eng Eng has no involvements in other business activities outside our Group.

(iii) Mohd Hanafiah Bin Ali

Mohd Hanafiah Bin Ali, Malaysian, aged 38, is our Operations Superintendent/Designated Person Ashore. He is responsible for overseeing the technical operations of our vessels and third-party vessels, which includes maintenance and repair, inspections, onboard assessment of vessels and class surveys.

He obtained a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia in August 2007, and thereafter graduated with a Bachelor of Engineering (Mechanical – Marine Technology) in September 2010.

He began his career in June 2010 when he joined E.A. Technique (M) Sdn Bhd (now known as E.A. Technique (M) Berhad, a company listed on the Main Market) as Technical Executive, until March 2014. In April 2014, he joined Shapadu Marine Sdn Bhd as Technical Superintendent where he handled day-to-day vessel operations as well as ensuring that the vessels comply with all industry standards, international rules, regulation and convention.

He left Shapadu Marine Sdn Bhd in October 2018 to join our Group in November 2018 as Technical Superintendent. In February 2018, he completed the Designated Person Ashore (DPA) training and was appointed as a Designated Person Ashore in April 2020. The role of a Designated Person Ashore is to ensure the safe operation of all the vessels within our Group. In June 2022, he was designated to his current position as Operations Superintendent.

Kindly refer to Section 5.3.4 for his past involvement in other business activity outside our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL *(Cont'd)*

5.3.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management (other than Darren Kee and Mohd Erwan) has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Mohd Hanafiah Bin Ali

<u>Company</u>	<u>Principal activities</u>	<u>Involvement / Position held</u>	<u>% of shareholdings held (direct)</u>	<u>% of shareholdings held (indirect)</u>
<u>Past involvement</u>				
1. Wealth Seven Engineering Sdn Bhd	Inactive (Dissolved on 26 November 2019)	Shareholder	14.0	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.3.5 Key senior management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2022 to 2024 are as follows:

Key senior management	Remuneration band (in bands of RM50,000)		
	⁽¹⁾ FYE 2022	⁽¹⁾ FYE 2023	FYE 2024
	(Paid)	(Paid)	(Proposed)
	RM'000	RM'000	RM'000
Eugene Kang Hong Ngee	600 – 650	850 – 900	500 – 550
Captain Cheah Eng Eng ⁽²⁾	400 – 450	750 – 800	450 – 500
Mohd Hanafiah Bin Ali	150 – 200	200 – 250	150 – 200

Notes:

(1) Includes bonuses paid for the FYE 2022 and FYE 2023.

(2) Captain Cheah Eng Eng joined our Group in June 2022.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management:

- (i) Darren Kee, our Promoter, Substantial Shareholder and Executive Director/Group CEO and Kate Ooi, our Promoter and Substantial Shareholder, are husband and wife; and
- (ii) Mohd Erwan, our Promoter, Substantial Shareholder and Executive Director/Group COO, is the Director and shareholder of MEAM Holdings, our Promoter and Substantial Shareholder.

5.5 BOARD PRACTICE

5.5.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (ii) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (iii) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (Cont'd)

- (iv) To ensure that our Group has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- (v) To review the effectiveness and implementation of anti-bribery and anti-corruption policy and framework;
- (vi) To review and approve our Group's annual business plans, financial statements and annual reports;
- (vii) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (viii) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no of years in office as at the LPD
Haida Shenny Binti Hazri	13 January 2021	At the next Annual General Meeting of our Company to be held in year 2024	3 years 1 month
Darren Kee	30 November 2020	At the next Annual General Meeting of our Company to be held in year 2025	3 years 3 months
Mohd Erwan	30 November 2020	At the next Annual General Meeting of our Company to be held in year 2025	3 years 3 months
Julannar Binti Abd Kadir	11 February 2022	At the next Annual General Meeting of our Company to be held in year 2024	2 years
Lim Chee Hwa	9 May 2023	At the next Annual General Meeting of our Company to be held in year 2024	Less than 1 year
Chia Chee Hoong	9 May 2023	At the next Annual General Meeting of our Company to be held in year 2024	Less than 1 year

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

In accordance with our Constitution, at the first annual general meeting of our Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of directors shall take place each year.

The members of our Board are set out in Sections 1 and 5.2.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have a Board comprising a majority of Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Remuneration Committee or Nominating Committee, and to have at least 30% women directors on our Board.

5.5.2 Audit and Risk Management Committee

The terms of reference of our Audit and Risk Management Committee ("ARMC"), amongst others, include the following:

- (i) The appointment of the external auditors, the audit fee and any questions of re-appointment, resignation or dismissal and in particular to assess the suitability and independence of the external auditors on an annual basis.
- (ii) To review with the audit functions:
 - (a) the audit plan and the audit reports;
 - (b) their evaluation of the system of the internal controls;
 - (c) their audit report;
 - (d) their management letter and management's response;
 - (e) the assistance given by our Company's employees to the external auditors; and
 - (f) to discuss problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary).
- (iii) To review:
 - (a) the quarterly and year-end financial statements of our Company and Group prior to the approval of the Board of Directors, and thereafter to submit them to the Directors of our Company focusing particularly on:
 - (1) changes in or implementation of major accounting policies and practices;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

- (2) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
 - (3) the going concern assumption; and
 - (4) compliance with applicable financial and accounting reporting standards and other legal requirements.
- (b) any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (iv) Establishment of an internal audit function (either in-house or outsourced, as applicable) which is independent of the activities it audits and in relation thereto:
 - (a) ensure that the head of the internal audit function reports directly to the ARMC;
 - (b) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (c) review the internal audit plan, processes, the results of the internal audit assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (d) review any appraisal or assessment of the performance of members of the internal audit function and the Continuing Professional Education attended by them;
 - (e) approve any appointment or termination of senior staff members of the internal audit function and remuneration or fee of internal audit function;
 - (f) inform itself of changes in personnel of the internal audit staff members and make available the opportunity for resigning staff members to submit his reasons for resigning; and
 - (g) conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the company to ensure internal audit are carried out in accordance with recognised framework.
- (v) To propose best practices on disclosure in financial results and annual reports of our Company in line with the principles and spirit set out in the Malaysia Code on Corporate Governance, other applicable laws, rules, directives and guidelines.
- (vi) In relation to risk management, the functions of ARMC shall include:
 - (a) review, assess, formulate and recommend risk management strategies, framework, policies, processes, tolerance and risk appetite limits to our Board;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

- (b) monitoring of Group risk exposures to ensure implementation and compliance with approved risk policies and processes of our Group, and to ensure that significant risks identified are being responded to appropriately;
- (c) review status of management action in mitigating significant risks identified;
- (d) review and assess the adequacy and effectiveness of the risk management structure, approved risk policies, processes, and support system and to recommend such changes as may be necessary to our Board;
- (e) review and assess the risks associated with all proposed strategic transactions of our Group and report the same to the Board for its deliberation of the transaction; and
- (f) to coordinate on the activities of the internal audit function of our Group in relation to the review of risk management activities and to ensure significant business risks are adequately managed by our Group company to ensure internal audit are carried out in accordance with recognised framework.

The members of our ARMC as at the LPD are as follows:

Name	Designation	Directorship
Julannar Binti Abd Kadir	Chairman	Independent Non-Executive Director
Lim Chee Hwa	Member	Independent Non-Executive Director
Chia Chee Hoong	Member	Independent Non-Executive Director

Our ARMC may obtain advice from independent parties and other professionals in discharging their duties.

5.5.3 Remuneration Committee

The terms of reference of our Remuneration Committee, amongst others, include the following:

- (i) Our Remuneration Committee shall review and recommend to our Board the remuneration package of the executive directors and if applicable, key management which should be aligned with the business strategy and long-term objectives of our Company. Any member of the Committee who is an executive director must not participate in the deliberation and in any decision on his/her own remuneration.
- (ii) The remuneration of non-executive directors will be a matter to be decided by our Board as a whole taking into account, the responsibilities, expertise and commitment, with the director concerned abstaining from the discussion and voting on decisions on his/her own remuneration.
- (iii) To review annually the performance of our Directors and recommend to our Board the specific adjustments in remuneration and/or reward payments to be passed at a general meeting.
- (iv) To formulate policies, guidelines and set criteria for remuneration packages for the Directors and if applicable, key management and to ensure that they are fairly and appropriately remunerated according to the general market sentiments or conditions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

- (v) To review and recommend to the Board the compensation payable to our Directors and if applicable, the key management in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for our Company.
- (vi) To ensure that all remuneration packages and benefits given to our Directors and key management are in compliance with the laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time.
- (vii) Our Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and key management.
- (viii) The Committee has written Terms of Reference which deals with its authority and duties and these Terms are published on our Company's website.
- (ix) To review policies in relation to human resource, compensation and management systems of our Company. Thereafter, assess and review the implementation of the relevant policies and management systems of our Company.
- (x) To consider/examine/assess any other matters as our Remuneration Committee considers appropriate.

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Lim Chee Hwa	Chairman	Independent Non-Executive Director
Julannar Binti Abd Kadir	Member	Independent Non-Executive Director
Chia Chee Hoong	Member	Independent Non-Executive Director

5.5.4 Nominating Committee

The terms of reference of our Nominating Committee, amongst others, include the following:

- (i) To oversee the selection criteria and recruitment process and recommend for the nomination of new candidates to our Board, candidates for all directorships to be filled by our Board taking into consideration the candidates:
 - (a) competencies, commitment, contribution and performance;
 - (b) professionalism;
 - (c) integrity and objectivity;
 - (d) in the case of candidates for the position of independent non-executive directors, the candidates' ability to discharge such responsibilities/functions as expected from an independent non-executive director; and
 - (e) including formalising its stand and approach to boardroom diversity (including, but not limited to age, gender and ethnicity).

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

- (ii) Consider in making its recommendations, candidates for directorships proposed by the Chairman/Group CEO and within the bounds of practicability, by any other senior executive or any director or shareholder.
- (iii) Recommend to our Board, directors to fill the seats on our Board Committee.
- (iv) Reviewing on an annual basis, that our Board's size, composition and balance is appropriate and in particular that the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to our Board are present.
- (v) To oversee the development, maintenance and review of the criteria to be used in the recruitment process and the annual review and assessment of the effectiveness of our Board as a whole, the committees of our Board, and the contributions of each individual director, including an assessment of the independence of the independent non-executive directors and their length of tenure in office in line with the recommendations of Malaysian Code on Corporate Governance.
- (vi) To make assessment, consider justifications and make recommendations on the element of independence of an Independent Director should our Board wish to retain as an Independent Director, a person who has served in that capacity for more than nine years.
- (vii) Review of Board's succession plans and facilitate induction and training programmes.
- (viii) To assess the training needs for each of the directors and senior management of our Company and thereafter, facilitate the appropriate training programmes in accordance to the individual director's and senior management needs.
- (ix) Review the term of office and performance of the ARMC and each of its members annually to determine whether the ARMC and members have carried out their duties in accordance with their terms of reference.

The members of our Nominating Committee as at the LPD are as follows:

Name	Designation	Directorship
Chia Chee Hoong	Chairman	Independent Non-Executive Director
Lim Chee Hwa	Member	Independent Non-Executive Director
Julannar Binti Abd Kadir	Member	Independent Non-Executive Director

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key senior management personnel.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (ii) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) In the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) Has any unsatisfied judgment against such person.

We wish to highlight that Darren Kee was charged by the Singapore Commercial Affairs Department ("CAD") on 12 January 2009 (more than 10 years ago), for an offence relating to a non-disclosure of an acquisition transaction (which was completed on 30 December 2004) by Firstlink Investments Corporation Limited (Firstlink), a public company which was then listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX"). Darren Kee had served as an Executive Director of Firstlink between September 2003 to July 2005.

On 11 November 2004, La Petite Bodyline Ltd (formerly known as Focus Net Consultant Limited), a wholly owned subsidiary of Green Salt Group Limited ("GSGL") entered into a sale and purchase agreement to acquire Golden Concept Enterprise Limited ("GCE") and La Petite Bodyline UK Limited ("LPB-UK") ("Acquisition Transaction"). GSGL is a 56.22%-owned Hong Kong subsidiary of Firstlink.

The Acquisition Transaction was wholly managed by the management of GSGL. The management of GSGL were not the same as the management of Firstlink. Darren Kee was not a director of GSGL nor was he in charge of the Acquisition Transaction. Firstlink was only informed of the completion of the Acquisition Transaction in January 2005 by the management of GSGL. Firstlink then disclosed the Acquisition Transaction in its Annual Report of 2004 which was circulated to its shareholders in April 2005.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT PERSONNEL (*Cont'd*)

The SGX queried Firstlink on 5 May 2005 and thereafter, Firstlink released an announcement on 9 May 2005 disclosing the details of the Acquisition Transaction and explaining to investors that the delay in disclosure was due to an oversight.

In view that Firstlink had failed to immediately announce the details of the Acquisition Transaction to the SGX and, the SGX had on 6 July 2005 issued a reprimand to Firstlink.

Darren Kee and another executive director of the board of Firstlink were charged by the CAD on 12 January 2009 for failure to notify the SGX of the Acquisition Transaction. Darren Kee was then fined SGD60,000 on June 2009 and the fine was paid by Darren Kee in June 2009.

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6. INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY

Our incorporation

Keyfield was incorporated in Malaysia on 30 November 2020 under the name of Keyfield International Sdn Bhd as a private limited company under the Act. We converted into a public limited company on 31 December 2020 and assumed our present name. Our Company is an investment holding company and was incorporated as the vehicle to facilitate the Listing.

Our historical key milestones are summarised as follows:

Year of reference	Key milestones
2013	Keyfield Offshore was incorporated and commenced its business of providing technical support and advisory services for shipbuilding
2016	In April 2016, we ventured into the vessel chartering business and had secured our first chartering contract with the charter of Berkah Teguh, a third party vessel. In the same year, we ceased the provision of technical support and advisory services relating to shipbuilding
2017	We took delivery of our first own vessel, LS1 in March 2017 and it commenced its first charter in April 2017
2018	In June 2018, Keyfield Offshore applied to PETRONAS and subsequently obtained the Vessel Owner-Operator licence with the SWEC code 21121510S
2019	In April 2019, PCSB awarded Keyfield Offshore a LOA For Umbrella Contract to be a panel contractor under PCSB's "Umbrella Contract for Offshore Support Vessel (OSV) Services for Petronas Petroleum Arrangement Contractors' (PACs) Drilling and Project Activities" for a period of 3 years plus a unilateral extension of 2 years by PCSB
2020	(i) In September 2020, we took delivery of our second own vessel, LS2, LS1's sister vessel (ii) Incorporation of our holding company, Keyfield International Berhad in November 2020
2021	We took delivery of the following vessels: (i) Falcon in February 2021 (ii) Kindness in November 2021
2022	We completed the acquisitions of the following vessels in February 2022: (i) Grace (ii) Compassion (iii) Commander We obtained 3 additional SWEC codes: (i) 21121511S (Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat) in December 2022 (ii) 21121518S (Platform Supply Vessel (PSV)) in November 2022 (iii) 21121519S (Safety Standby/General Purpose/Utility Vessel) in November 2022

6. INFORMATION ON OUR GROUP (Cont'd)

Year of reference	Key milestones
2023	We took delivery of: (i) Lestari in March 2023; and (ii) Helms 1 and Blooming Wisdom in April 2023
2024	We took delivery of IMS Aman in January 2024

Our history

Our history can be traced back to 2013 when Keyfield Offshore was incorporated by our founder, Promoter and Group CEO, Darren Kee. In 2014, Mohd Erwan joined Keyfield Offshore as Senior Vice President (Shipbuilding and Client Coverage) before he assumed his present position as our Group COO in 2018.

Between 2013 and 2016, Keyfield Offshore provided technical support and advisory services relating to shipbuilding and rendered its services to KOL and WCL, both of which were founded by our Group CEO. KOL and WCL secured orders and delivered vessels to owners based in Malaysia. This enabled us to establish our network of offshore support vessel owners and oil and gas contractors in the upstream oil and gas industry in Malaysia.

In 2016, Keyfield Offshore began to shift its focus to chartering of accommodation vessels and providing various onboard services such as accommodation, catering, housekeeping, laundry and medical support services. Our experience in providing technical support and advisory services relating to shipbuilding provided us with insight into the needs of the upstream oil and gas industry, in terms of the technical design and requirements of accommodation vessels. As we gained a better understanding of accommodation vessels and the upstream oil and gas industry, we realised the potential of earning a recurring and stable income from the chartering business.

As our focus shifted, Keyfield Offshore ceased providing technical support and advisory services relating to shipbuilding in 2016. KOL ceased operations in 2014 and subsequently was deregistered from the Companies Registry (Hong Kong) in 2021. WCL ceased its shipbuilding activities in 2020.

Our first Chartering Contract

Our venture into accommodation vessel chartering began in April 2016, when we secured our first Chartering Contract for a third party accommodation vessel, namely Berkati Teguh, with a value of approximately RM0.9 million. As we did not own any accommodation vessels at that time, we had taken the opportunity to charter Berkati Teguh from the third party owner to our customer to fulfil the contract.

Acquisition of our first own vessel

In March 2017, our Group took delivery of LS1, our first own vessel. LS1 secured its first charter contract which commenced in April 2017.

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel Owner-Operator licence from PETRONAS and LOAs for Umbrella Contracts and Umbrella Contracts

In June 2018, Keyfield Offshore applied to PETRONAS and subsequently obtained the Vessel Owner-Operator licence with the SWEC code 21121510S (Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge). Such licence serves as a pre-requisite for Keyfield Offshore to be invited to be a panel contractor with PCSB and PACs. It also allows us to be invited to bid for projects by oil and gas contractors. Meanwhile, the PETRONAS licence is not a pre-requisite for Keyfield Offshore to obtain Chartering Contracts from offshore support vessels owners.

In April 2019, PCSB awarded a LOA For Umbrella Contract to Keyfield Offshore in respect of SWEC code 21121510S for Offshore Support Vessel Services for PCSB's drilling and project activities. Keyfield Offshore was later awarded similar LOAs For Umbrella Contract from various PACs. As at the LPD, we have 15 LOAs For Umbrella Contracts or Umbrella Contracts.

The LOA For Umbrella Contract sets out the broad terms of the Umbrella Contract and upon the award of the LOA For Umbrella Contract, Keyfield Offshore is appointed as a panel contractor to provide accommodation vessel and related onboard services. Meanwhile, an Umbrella Contract is a formal contract which sets out the detailed terms and conditions of such appointment. As a panel contractor under these Umbrella Contracts, we are able to directly participate in tenders by PCSB and PACs. Further details relating to the PETRONAS licence and the LOAs For Umbrella Contract is set out in Section 6.7.2.

Following our award as a panel contractor, we secured our first Chartering Contract from a PAC, namely Repsol Oil & Gas Malaysia Limited in July 2019, utilising a third party accommodation vessel. In the following month, we secured our first direct Chartering Contract with PCSB utilising LS1, our own accommodation vessel.

Notwithstanding with the SWEC code 21121510S obtained in 2018, we applied for and obtained 3 additional SWEC codes under the same PETRONAS Vessel Owner-Operator licence in 2022, namely 21121511S (Anchor Handling Tug (AHT)/ Anchor Handling Tug & Supply (AHTS)/ Tow Tug Boat); 21121518S (Platform Supply Vessel (PSV)); and 21121519S (Safety Standby/General Purpose/Utility Vessel). With these SWEC codes, we can optimise the usage of our accommodation vessels by bidding for projects that will require the use of AHTS, SSV and/or PSV.

Acquisition of our accommodation vessels

Over the years, we have grown our fleet of accommodation vessels to 11 vessels as at the LPD. The background and history of the acquisition of these accommodation vessels are as elaborated below:

Vessel	Background and history
LS1	In March 2017, our Group took delivery of LS1, which subsequently commenced its first chartering contract in April 2017. LS1 was first registered under Keyfield Marine Limited, our Labuan incorporated company which has since been struck off in December 2022. The ownership of LS1 was transferred to Keyfield Offshore in December 2019. LS1 is an accommodation vessel that is equipped with a 4-point mooring system which is suitable for shallow waters operations (up to 120m in water depth). It has an accommodation capacity of up to 208 personnel.

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel	Background and history
LS2	In October 2019, we set up Keyfield Marine to facilitate the acquisition of LS2. We completed the acquisition and took delivery of LS2 in September 2020. LS2 commenced operations in May 2021 upon completion of equipment retrofitting in Labuan. LS2 shares similar specifications with LS1.
Falcon	In February 2020, we set up Keyfield Endeavour to facilitate the acquisition of Falcon. We completed the acquisition and took delivery of Falcon in January 2021 and February 2021, respectively. Falcon commenced operations as our own vessel in March 2021. Falcon is an accommodation vessel equipped with a diesel-electric hybrid propulsion system and DP2 system, allowing it to operate in harsher and deepwater environments (water depths of more than 120m) as well as locations with congested seabeds. An added advantage is that its propulsion system runs on a diesel-electric hybrid propulsion system. The availability of this diesel-electric hybrid propulsion system in Falcon allows it to consume less fuel and emit less sulphur oxide and carbon dioxide into the environment, as compared to a conventional diesel-powered engine, allowing it to be environmentally friendlier. It has an accommodation capacity of up to 200 personnel.
Kindness	In November 2021, Keyfield Offshore took delivery of Kindness. Kindness commenced operations in June 2022 after completing the installation of additional equipment including towing gears and VSAT equipment, as well as the required safety inspections. Kindness is a DP1-equipped AHTS with accommodation capacity of up to 50 personnel. Such dual capabilities enables us to utilise Kindness as a smaller accommodation vessel to cater for projects that require lesser offshore personnel or as an AHTS.
Compassion and Commander	In August 2021, Keyfield Offshore commenced the charter of Compassion and Commander from Lavin Vessel 1 Sdn Bhd (now known as Keyfield Resolute) on a bareboat basis. Keyfield completed the acquisition of Keyfield Resolute in February 2022 and with such acquisition, Compassion and Commander became part of our fleet. Compassion and Commander commenced operations as our own accommodation vessels in February 2022 and September 2022, respectively. Compassion and Commander are accommodation vessels equipped with DP2 system with an accommodation capacity of up to 192 and 200 personnel, respectively.
Grace	In September 2021, Keyfield Offshore commenced the charter of Grace from Stratos Vessel on a bareboat basis. We later set up Keyfield Serenity to facilitate the acquisition of Grace in January 2022. In February 2022, Keyfield Serenity completed the acquisition of Grace. Grace commenced operations as our own accommodation vessel in February 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel	Background and history
	Grace is an accommodation vessel equipped with DP2 system. It has an accommodation capacity of up to 150 personnel.
Lestari	In January 2023, Lestari was put up for sale via a public auction by the Sheriff of the Admiralty Court Kuala Lumpur. Keyfield Offshore had bid for and such bid was accepted by the Kuala Lumpur Admiralty High Court. Subsequently, Keyfield Offshore completed the acquisition of Lestari in March 2023. Lestari commenced operations as our own vessel in June 2023. Lestari is an accommodation vessel equipped with a 4-point mooring system. Prior to the acquisition of Lestari, we had chartered it as a third party accommodation vessel to fulfil various Chartering Contracts since 2018. It has an accommodation capacity of up to 180 personnel.
Blooming Wisdom	In April 2023, Keyfield Offshore completed the acquisition of Blooming Wisdom. Prior to the acquisition of Blooming Wisdom, we had chartered it as a third party vessel to fulfil various Chartering Contracts since 2022. Blooming Wisdom commenced operations as our own vessel in April 2023. Blooming Wisdom is an accommodation barge with a capacity of 500 passengers including crew members, enabling us to cater for projects that require more offshore personnel.
Helms 1	In August 2021, Keyfield Offshore had commenced a bareboat chartering contract with POET to charter Helms 1. In September 2022, Sea Steel Sdn Bhd acquired Helms 1 from POET. In the same month, Keyfield Resolute entered into a bareboat chartering contract with Sea Steel Sdn Bhd to continue chartering Helms 1. In April 2023, Keyfield Offshore completed the acquisition of Helms 1 and subsequently, the bareboat charter of Helms 1 was discontinued upon completion of the acquisition. Helms 1 commenced operations as our own vessel in April 2023. Helms 1 is a DP2-equipped PSV with accommodation capacity of up to 48 personnel. It also has geotechnical capabilities. Such multiple capabilities enables us to utilise Helms 1 as a smaller accommodation vessel to cater for projects that require lesser offshore personnel or as PSV or geotechnical vessel.
IMS Aman	In January 2024, Keyfield Offshore had entered into a Sale and Purchase Agreement with Khas Jejaka Sdn Bhd, a subsidiary of Muhibbah Engineering (M) Bhd, for the acquisition of IMS Aman. IMS Aman is an accommodation vessel with an accommodation capacity of up to 198 personnel, which is currently operating as a 4-point mooring vessel. While it is equipped with DP2 system, however such system needs to be

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel	Background and history
	rectified at an estimated cost of RM2.0 million. Such cost will be borne by us and is expected to be incurred in the fourth quarter of 2024. We had previously chartered IMS Aman as a 4-point mooring third party vessel under Category 2 & 3 in FYE 2021 and FYE 2023. We have received a Chartering Contract (on a 4-point mooring basis) which will be undertaken by IMS Aman which commenced in mid March 2024.

Other features of an accommodation vessel are as highlighted in Section 6.6.3.

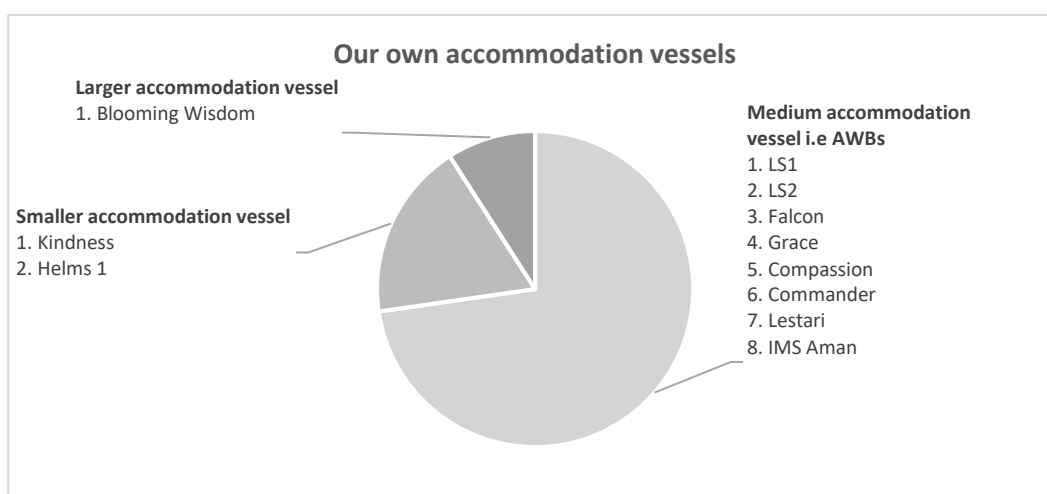
Full details of our acquisitions are set out in Section 6.4.1. The vessels which we have acquired allow us to serve demand for different segments of offshore accommodation as follows:

Vessel size segment	Vessel Name	⁽¹⁾Available accommodation capacity
Smaller sized vessels	Kindness and Helms 1	48-50
Medium sized vessels	LS1, LS2, Lestari, Falcon, Compassion, Commander, Grace and IMS Aman	150-208
Larger sized vessel	Blooming Wisdom	500

Note:

- (1) Such available capacity can be utilised by both the passengers of our charterers as well as our own crew members.

Out of our 11 accommodation vessels, 8 are AWBs which have accommodation capacity of between 150 and 208 personnels, 2 are smaller accommodation vessels and 1 is an accommodation work barge.



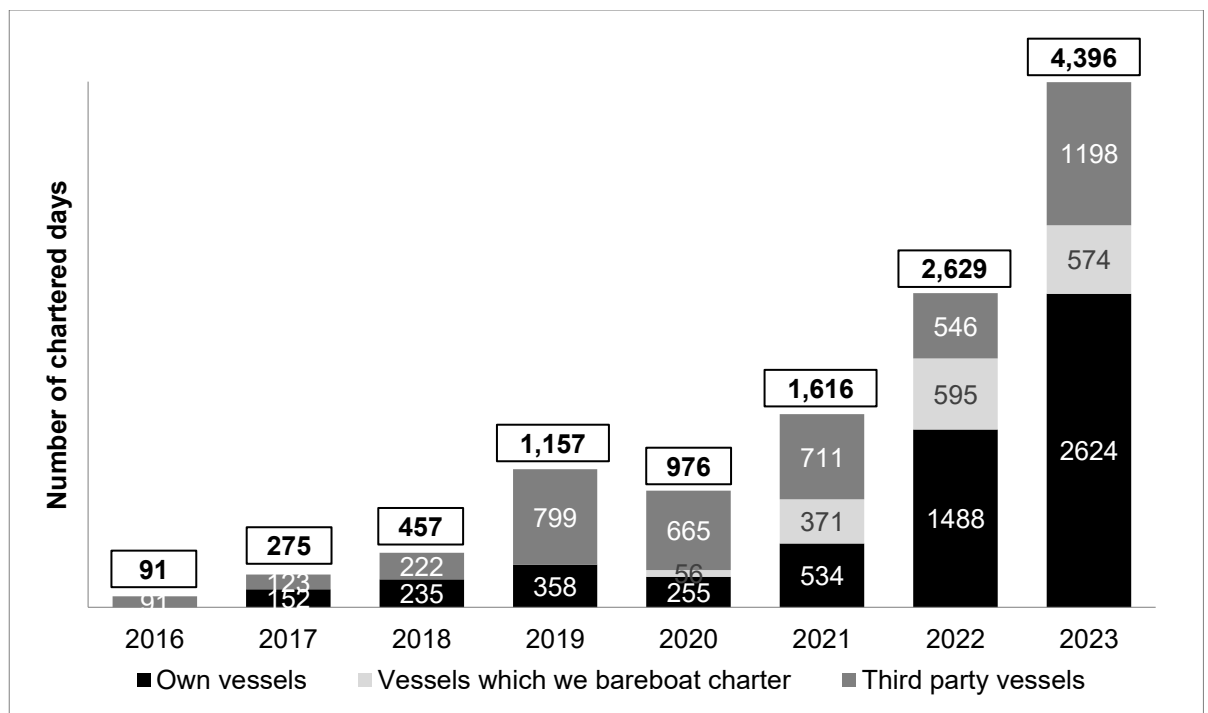
6. INFORMATION ON OUR GROUP (Cont'd)

In addition to our own vessels, we also:

- (i) Bareboat charter Daya Indah Satu and Daya Ceria, both DP2-equipped AHTS with accommodation capacities of 50 personnel each; and
- (ii) Time charter various other third party accommodation vessels from suppliers to our customers on a spot basis, i.e. as and when required.

Our growth trajectory since 2016

Since our venture into chartering in 2016 up until 2023, we have recorded the following total number of chartering days using our own and third party vessels:

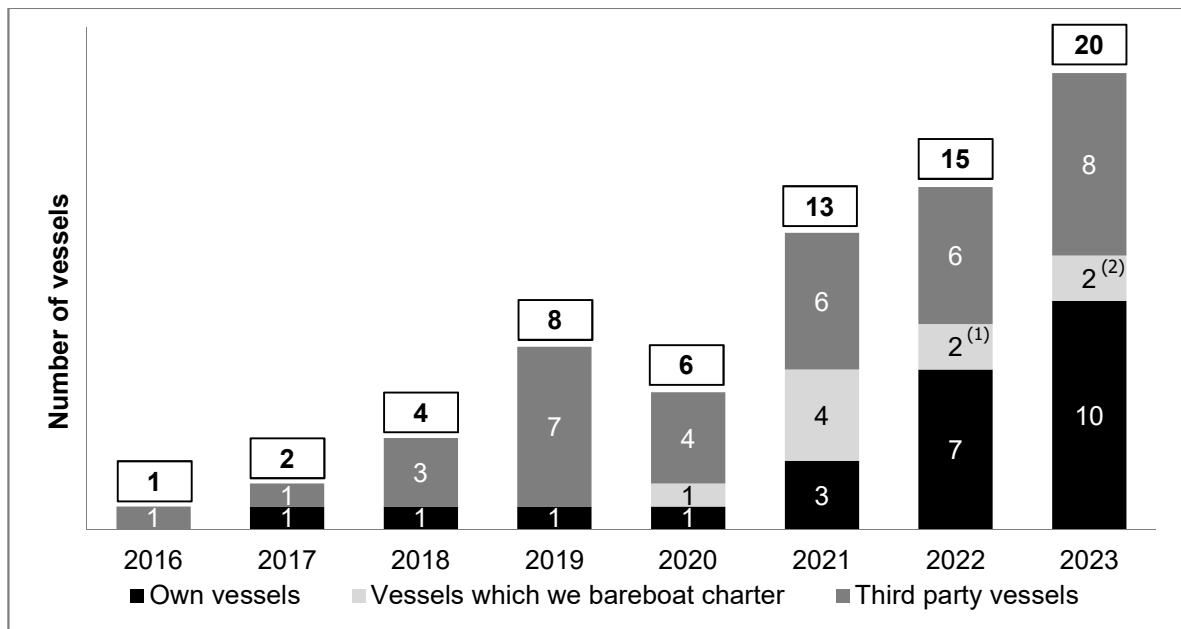
Our Group's number of chartered days (2016 – 2023)

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6. INFORMATION ON OUR GROUP (Cont'd)

The growth in the number of vessels which we have chartered out over the years are illustrated below:

Number of vessels (2016 – 2023)



Notes:

- (1) Excludes Compassion and Grace which became our own vessels in February 2022.
- (2) Excludes Helms 1 which became our own vessel in April 2023.

Previous material corporate proposals

In February 2021, RHB Investment Bank Berhad ("RHBIB") had on behalf of Keyfield submitted a listing application to Bursa Securities for the listing of Keyfield on the ACE Market of Bursa Securities. Bursa Securities had vide its letter dated 7 October 2021 rejected the application. The basis of rejection is set out in Section 6.1.1 below.

In November 2021, M&A Securities was appointed as the Principal Adviser to Keyfield in place of RHBIB as it intended to re-submit an application to Bursa Securities for the listing on the ACE Market of Bursa Securities. M&A Securities had on 23 February 2022 submitted a pre-admission consultation pack on behalf of Keyfield to Bursa Securities for this purpose. Nevertheless, the pre-admission consultation pack was withdrawn on 10 March 2022 and the re-submission was not made.

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6. INFORMATION ON OUR GROUP (*Cont'd*)

6.1.1 Application to the SC for the Listing

On 30 June 2023, M&A Securities had submitted an application to the SC for the Listing ("Submission"). As part of the Submission, M&A Securities had addressed the basis of rejection by Bursa Securities as follows:

Basis of rejection	Details
(i) Failure of the Company, Sponsor and due diligence working group ("DDWG") in complying with Rules 2.18(1), 2.18(3) and 3.02(5) of the ACE Market Listing Requirements of Bursa Securities ("ACE LR") given that the Company and its advisers including the Sponsor had failed/omitted to inform and disclose immediately the following material information to Bursa Securities and/or the SC:	
(a) the material agreements entered into by the Keyfield Group in relation to the bareboat chartering of AWBs with third parties and related party; and	Keyfield Offshore had entered into bareboat chartering agreements dated 11 June 2021 and 11 August 2021 with 2 third parties as well as a Master Agreement for bareboat chartering with Lavin Vessel 1 Sdn Bhd, a related party on 20 August 2021. However, details relating to these agreements were only submitted on 23 September 2021. In order to address the basis of rejection, M&A Securities together with the solicitors had briefed us and the DDWG on the relevant requirements relating to timely disclosures and had ensured that details relating to bareboat chartering agreements are disclosed.
(b) the material information relating to one of its major suppliers, namely Zafran Engineering Services Sdn Bhd as well as the financing arrangements with some of its major suppliers.	Zafran Engineering Services Sdn Bhd ("ZESSB"), our major supplier for FYE 2019 and FYE 2020 went into a creditor's voluntary winding up on 24 December 2020. The amount owed by ZESSB amounting to RM0.55 million could not be recovered and was written-off. Our Group had also provided advances to several third party AWB owners or disponent owners. Such advances will be deducted from the invoices issued by the suppliers as payment for services received. This information was not disclosed.

6. INFORMATION ON OUR GROUP (Cont'd)

Basis of rejection	Details
(ii) There were numerous key shortcomings and deficiencies in the submission and disclosures made in the draft prospectus which gave rise to concerns on the quality, adequacy and level of due diligence undertaken by the Sponsor and the due diligence working group in ensuring that there were no misstatement nor material omission, or that all material information were properly and accurately disclosed in the submission and draft prospectus made to both Bursa Securities and the SC in compliance with compliance with Rule 3.02(5) and Guidance Note 18 of the ACE LR and the Prospectus Guidelines.	In order to address the basis of rejection, M&A Securities together with the solicitors has briefed our Company and the DDWG on the relevant requirements relating to disclosures and had ensured that all material information is disclosed.
(a) Inadequate disclosure relating to the business arrangement of the Keyfield Group with its AWB suppliers where the third party AWB owner/disponent owner providing the AWB, all crew members and all related onboard services which contributed a significant portion to the revenue and profitability of the Keyfield Group. In this regard, the due diligence working group was unable to confirm whether such arrangement was the industry norm;	The original submission did not clearly segregate and explain the business arrangement whereby the third party vessel owner/disponent owner provides the vessels, all crew members and all onboard related services (Category 3 as set out in Section 6.6.4(b)). Under this business arrangement, Keyfield is only responsible to ensure all of these crew members meet the customers' requirements, and source for additional services and equipment required by our customers. In order to address the basis of rejection, the disclosure for the business arrangements between the Keyfield Group and the owner/disponent owner of the vessels were segregated into 3 categories. Further, the DDWG is able to confirm that the arrangement as per Category 3 was the industry norm after obtaining confirmations from several major customers/suppliers who had also commonly entered into similar third party charter arrangements.

6. INFORMATION ON OUR GROUP (Cont'd)

Basis of rejection	Details
(b) Shortcoming in the Sponsor's assessment of compliance with Guidance Note 18, in particular on the adequacy of internal controls with regard to the purported financial assistance provided by Keyfield Group to Zafran Engineering Services Sdn Bhd ("ZESSB") to facilitate the ordinary course of business even though there was no charter contract with ZESSB at the material time;	Our Group had provided advances to repair an AWB (SOC Endeavour) of which ZESSB was the disponent owner even though there was no charter contract with ZESSB at the material time. Our Group did not have any internal controls in place to regulate such practice. In order to address the basis of rejection, we have enhanced our internal controls whereby we shall not provide any advances to any suppliers except under the following circumstances: (i) Where Keyfield Group has already been awarded with a letter of award by its customer to charter the said third party AWB, and such advance is to facilitate the preparatory work and operational requirements of the said AWB; and (ii) Where the third party AWB will be/is chartered by Keyfield Group and it is a contractual term whereby an advance payment or deposit payment is required by the third party AWB owner/disponent owner to fulfil the chartering contract as set out in (i) above. In view that Keyfield has adopted a written internal control policy to give effect to the abovementioned undertaking, the abovementioned lapses in corporate governance are not expected to recur. In addition, Keyfield has not provided any advances to any suppliers subsequent to FYE 31 December 2021.
(c) Inadequate disclosure of the Keyfield Group's market share (disclosure was subsequently enhanced to reflect the Group's business model and arrangements);	The original submission did not clearly segregate and explain the business arrangement under Category 3 (as set out in Section 6.6.4(b)), where the market share was based on the number of chartered days of our own and third-party AWBs (including Category 3), in comparison to the total number of chartered days of all Malaysian-flagged AWBs. However, the number of chartered days for third-party AWBs under Category 3 should not be included in the computation of our market share as it is unclear if the market share was garnered by us or the third party vessel owner/disponent owner. Hence, our market share was incorrectly presented as it was not reflective of the Group's business model and arrangements.

6. INFORMATION ON OUR GROUP (Cont'd)

Basis of rejection	Details
(d) The initial disclosure of the related party transaction for the acquisition of LS2 amounting to USD17.0 million (equivalent to RM70.9 million) from a related party did not disclose the entire purchase consideration amount of LS2;	In order to address the basis of rejection, the current market share as set out in Section 7 is based on the total number of chartered days of AWBs we own and bareboat charters (Category 1 as set out in Section 6.6.4) and excludes third party charter arrangements under Category 2 and 3. This methodology eliminates any potential double counting. On 19 August 2020, pursuant to a novation agreement between Wisdom Creator Limited ("WCL") (a related party), Keyfield Marine, and the LS Series Shipbuilders, it was agreed by the LS2 Shipbuilding Contract be novated by WCL to Keyfield Marine at the value of USD17.0 million (equivalent to RM70.9 million). However, only the novated sum of USD4.0 million (equivalent to RM16.5 million) was disclosed as a related party transaction instead of the entire purchase consideration. In order to address the basis of rejection, the entire purchase consideration of USD17.0 million (equivalent to RM70.9 million) is disclosed as a related party transaction in Section 9.1(2). In order to ensure all material related party transactions were adequately disclosed, interviews and searches were conducted on our shareholders and Directors, to identify to related party transactions. M&A Securities together with the solicitors has also briefed us on the relevant requirements relating to related party disclosures. As at the LPD, Keyfield does not bareboat charter its AWBs to its customers and has no intention to do so prior to the Listing.
(e) Non-disclosure of related party transaction for the acquisition of LS1, from a related party amounting to USD24.0 million (equivalent to RM97.4 million) in the Accountants' Report;	The agreement for acquisition of LS1 was entered into in November 2016 and the delivery of LS1 took place in 2017. This related party transaction should be included in the Accountants' Report notwithstanding the financial years covered includes FYE 2017 to 2019 and 8 months FPE 31 August 2020, as the balance purchase consideration for the acquisition was made during FYE 2017 to FYE 2020. In order to address the basis of rejection, all related party transactions are duly identified and disclosed in Section 9.1.

6. INFORMATION ON OUR GROUP (Cont'd)

Basis of rejection	Details
(f) The initial disclosure did not disclose the dependency on PETRONAS Licence and Umbrella Contract/Letter of Award ("LOA") and consequence for any termination of the same;	We are dependent on the PETRONAS licence and Umbrella Contract with PCSB. This dependency, together with the consequence for any termination were not disclosed. In order to address the basis of rejection, this dependency, together with the consequence for any termination are disclosed in Sections 6.7.2 and 8.1.1.
(g) Lack of detailed disclosure on salient terms of the Umbrella Contracts and LOA for Umbrella Contracts and inaccuracies in certain disclosures; and	We are dependent on the PETRONAS licence and Umbrella Contract with PCSB and as such is required to disclose its detailed salient terms. However, the detailed salient terms were not disclosed. In order to address the basis of rejection, the detailed salient terms are accurately disclosed in Section 6.7.2.
(h) Inaccurate disclosure in the draft prospectus including on the Group's future plans and strategies for expansion to Myanmar where the expansion plan was removed after query from the SC as well as incorrect proforma adjustment reflected in the proforma consolidated statements of financial position.	(i) One of our Group's original future plan and strategy was to expand to Myanmar. However, in February 2021, Myanmar was in political turmoil and it was no longer viable for our Group to expand to Myanmar. The DDWG had only disclosed this change in future plan and strategy after being queried. In order to address the basis of rejection, M&A Securities together with the solicitors had briefed us and the DDWG on the relevant requirements relating to timely disclosures. (ii) Our Group had allocated RM17.0 million from proceeds to be raised for the purchase of an additional AWB to be identified. The pro forma consolidated statements of financial position was incorrectly presented as it included the RM17.0 million as an addition to the property, plant and equipment, notwithstanding our Company had yet to identify which additional AWB to purchase and the purchase was not supported by any quotation. Pro forma adjustments should be factually supported, pursuant to the requirements of International Standard on Assurance Engagements (ISAE) 3420. In order to address the basis of rejection, the DDWG has ensured that the pro forma adjustment in the pro forma consolidated statements of financial position set out in the Prospectus is correctly presented.

6. INFORMATION ON OUR GROUP *(Cont'd)*

To further address the basis of rejection, additional due-diligence has been performed to ensure that the information presented in this Prospectus is complete, not false or misleading and contains no material omission as well as all related party transactions are duly disclosed.

In addition to the above, our Group has undertaken an internal control review to assess the adequacy of our internal control and risk assessment. The key deficiencies have been duly resolved. The internal control reviewer is satisfied with the improved state of internal control of the Group.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.2 OUR GROUP STRUCTURE

To formalise our listing group in preparation of our Listing, we undertook the following transactions:

6.2.1 Pre-IPO shareholding restructuring/transactions

Prior to August 2020, our group consist of Keyfield Offshore and its then wholly-owned subsidiaries, Keyfield Endeavour, Keyfield Marine and Keyfield Marine Limited and associated company, Naka Bayu. The then shareholders of Keyfield Offshore were Darren Kee (55.0%), Mohd Erwan (20.0%), Kate Ooi (15.0%) and BAP Resources Sdn Bhd* (10.0%).

Note:

* The shareholders of BAP Resources Sdn Bhd were Jubli Berseri Sdn Bhd (95.3%), Strategic Momentum Sdn Bhd (1.6%), Asma Baizura Binti Mohamad Omar (1.1%), Tay Choon Hock (0.9%), Mohd Fakrullah Bin Ali (0.4%), Abdul Halim Bin Abdul Aziz (0.4%), and Dato' Hazali Bin Mansor (0.3%).

In August 2020, Lavin Group acquired 1,000,000 Keyfield Offshore shares from Kate Ooi, representing 2.3% equity interest in Keyfield Offshore for a total consideration of RM1.5 million. On even date, Lavin Group further subscribed for 14,750,000 new shares in Keyfield Offshore representing 25.5% equity interest in Keyfield Offshore for a total consideration of RM10.0 million, which resulted in Lavin Group holding a total equity interest of 27.3% in Keyfield Offshore. As part of the conditions for the aforementioned subscription of new shares in Keyfield Offshore, Lavin Group provided a shareholder's advance of USD12.8 million (equivalent to RM53.6 million) to Keyfield Offshore. The proceeds from the subscription of new Keyfield Offshore shares and shareholder's advance were used to part finance the acquisition of LS2. Subsequently, our Company, Keyfield Offshore and Lavin Group entered into a capitalisation agreement whereby Lavin Group agreed to capitalise USD5.0 million (equivalent to RM20.5 million) of the shareholder's advance into 41,000,000 new Shares at an issue price of RM0.50 per Share. The remaining USD7.8 million (equivalent to RM31.6 million) was repaid to Lavin Group in December 2020.

In October 2020, OM Ceria acquired 4,300,000 ordinary shares representing 7.5% equity interest in Keyfield Offshore for a total consideration of RM3.6 million from a previous shareholder of Keyfield Offshore, BAP Resources Sdn Bhd.

Lavin Group and OM Ceria subsequently became our Substantial Shareholders upon the completion of the Second SPA.

As part of the internal restructuring of our Group as well as to meet the PETRONAS licence requirements of a minimum 30% Bumiputera equity shareholding, on 28 December 2020, Lavin Group sold 22,000,000 Shares to Veritas Aman (representing 8.8% equity interest in Keyfield) at a purchase consideration of RM12.1 million while Darren Kee sold 13,000,000 Shares to MEAM Holdings (representing 5.2% equity interest in Keyfield) at a purchase consideration of RM8.1 million. Resulting from this, Veritas Aman and MEAM Holdings became our Substantial Shareholders. Prior to this, Keyfield Offshore has met the PETRONAS licence requirements i.e. the 30% Bumiputera requirement through the then 30% shareholding held by Mohd Erwan in Keyfield Offshore.

6. INFORMATION ON OUR GROUP (Cont'd)**6.2.2 First SPA**

The First SPA was entered into on 22 December 2020 for the acquisition by our Company from Keyfield Offshore of:

- (i) The entire share capital of Keyfield Endeavour for a cash purchase consideration of RM1; and
- (ii) The entire share capital of Keyfield Marine for a cash purchase consideration of RM1.

The purchase consideration for the First SPA was arrived at after taking into consideration the net liabilities of these companies pursuant to the unaudited management account as at 31 August 2020.

The First SPA was completed on 22 December 2020.

6.2.3 Second SPA and capitalisation of shareholders' advances**6.2.3.1 Second SPA**

The Second SPA was entered into on 23 December 2020 for the acquisition by our Company of the entire share capital of Keyfield Offshore from Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria for a total consideration of RM89,999,999.00, which was fully satisfied by the issuance of 179,999,998 new Shares at an issue price of RM0.50 per Share, to Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria on 23 December 2020, in the following proportion:

Vendors	Date of investment in Keyfield Offshore	Cost of investment in Keyfield Offshore	Shareholdings in Keyfield Offshore before completion of the Second SPA		Consideration	
		RM'000	No. of shares	%	RM	No. of new Shares
Darren Kee	Between 17 April 2013 to 22 March 2018	23,650	23,650,000	41.0	36,857,142.00	73,714,284
Kate Ooi	Between 17 April 2013 to 22 March 2018	5,450	5,450,000	9.4	8,493,506.50	16,987,013
Mohd Erwan	Between 13 February 2018 to 22 March 2018	8,600	8,600,000	14.9	13,402,597.50	26,805,195
OM Ceria	9 November 2020	3,568	4,300,000	7.4	6,701,298.50	13,402,597
Lavin Group	24 August 2020	11,500	15,750,000	27.3	24,545,454.50	49,090,909
Total			57,750,000	100.00	89,999,999.00	179,999,998

6. INFORMATION ON OUR GROUP (Cont'd)

The parties to the Second SPA agreed to the nominal issue price of RM0.50 per Share as our Company was newly incorporated on 30 November 2020. The purchase consideration for the Second SPA was arrived at after taking into consideration the following:

- (i) Approximately 1.09 times of the unaudited NA of Keyfield Offshore of RM82.7 million as at 31 August 2020;
- (ii) The expected increase in the total consolidated NA of Keyfield Offshore between 31 August 2020 and the date of completion of the Second SPA; and
- (iii) The future earnings potential of Keyfield Offshore.

The Second SPA was completed on 23 December 2020.

6.2.3.2 Capitalisation of shareholders' advances

(i) Capitalisation of shareholders' advances due to Darren Kee and Lavin Group

- (a) In December 2015, WCL entered into a shipbuilding contract with LS Series Shipbuilders to build LS2 ("LS2 Shipbuilding Contract") at a purchase consideration of USD17.0 million (equivalent to RM70.9 million).

Pursuant to the novation agreement dated 19 August 2020 between WCL, Keyfield Marine and the LS Series Shipbuilders (defined below), WCL had novated its rights, interests, benefits, obligations and liabilities under the LS2 Shipbuilding Contract to Keyfield Marine.

Arising from the above novation:

- (1) The amount previously paid by Keyfield Offshore to the LS Series Shipbuilders on behalf of WCL amounting to USD0.2 million (equivalent to RM0.8 million) prior to the novation, was novated to Keyfield Marine and became an inter-company amount within our Group;
- (2) The amount previously paid by WCL to the LS Series Shipbuilders amounting to USD3.83 million (equivalent to RM15.7 million) prior to the novation, was novated to Keyfield Marine and became an amount due by Keyfield Marine to WCL; and
- (3) The balance of the purchase consideration for the LS2 Shipbuilding Contract, amounting to USD12.97 million (equivalent to RM54.4 million) was novated to Keyfield Marine and became an amount payable by Keyfield Marine to the LS Series Shipbuilders, which has since been fully paid. Out of this amount, USD12.8 million (equivalent to RM53.6 million) was paid by our Group by utilising the advances from Lavin Group (as further described below), with the balance from our internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

The amount due by Keyfield Marine to WCL of USD3.83 million (equivalent to RM15.7 million) referred to in (2) above was settled via the following:

- (aa) A novation and capitalisation agreement dated 28 December 2020 between our Company, Darren Kee, WCL and Keyfield Marine, where WCL novated the outstanding sum of USD3.6 million (equivalent to RM14.8 million) to Darren Kee which was capitalised through the issuance of 29,520,000 new Shares at an issue price of RM0.50 per new Share to Darren Kee.

Out of these 29,520,000 new Shares issued to Darren Kee on 28 December 2020, he sold 13,000,000 Shares to MEAM Holdings for a total consideration of RM8.1 million.

- (bb) Keyfield Group repaid the sum of USD0.2 million (equivalent to RM0.9 million after foreign exchange differences) to WCL in cash.

The above transactions relating to the novation of the LS2 Shipbuilding Contract and the settlement are related party transactions as they were carried out by our Group with WCL and Darren Kee, being our Director, Promoter and Substantial Shareholder, and further disclosed in Section 9.1.

- (b) As stated in (a)(3) above, Lavin Group had, via a promissory note dated 21 August 2020, advanced the sum of USD12.8 million (equivalent to RM53.6 million) to our Group, which was utilised by us towards part payment of the purchase consideration for LS2. The amount due by our Group to Lavin of USD12.8 million was settled via the following:

- (cc) Via a capitalisation agreement dated 28 December 2020 between our Company, Keyfield Offshore and Lavin Group where USD5.0 million (equivalent to RM20.5 million) of the advance of USD12.8 million (equivalent to RM53.6 million) was capitalised through the issuance of 41,000,000 new Shares at an issue price of RM0.50 per new Share to Lavin Group. The balance USD7.8 million (equivalent to RM31.6 million) was repaid in cash (see (dd) below).

Out of these 41,000,000 new Shares issued to Lavin Group, on 28 December 2020, Lavin Group sold 22,000,000 Shares to Veritas Aman for a total consideration of RM12.1 million.

- (dd) In December 2020, Keyfield Marine had drawdown the amount of RM37.7 million from a local financial institution to partially refinance the cost of acquisition of LS2. From the proceeds, our Group repaid the sum of USD7.8 million (equivalent to RM31.6 million) to Lavin Group in December 2020 (see (cc) above).

The above transactions relating to the advances from Lavin Group and the subsequent settlement via the capitalisation agreement referred to in (cc) above are related party transactions as they were carried out by our Group with Lavin Group, our Substantial Shareholder.

6. INFORMATION ON OUR GROUP (Cont'd)**Summary of Shares issued pursuant to the capitalisation of shareholders' advances**

In summary, 70,520,000 new Shares were issued in the following manner:

Date	No. of Shares	Nature of transaction
28 December 2020	16,520,000	New Shares issued to Darren Kee
28 December 2020	13,000,000	New Shares issued to Darren Kee and subsequently sold to MEAM Holdings
28 December 2020	19,000,000	New Shares issued to Lavin Group
28 December 2020	22,000,000	New Shares issued to Lavin Group and subsequently sold to Veritas Aman
Total	70,520,000	

6.2.4 Share Split

On 27 December 2021, we completed a share split exercise whereby every 1 ordinary share in Keyfield was split into 2 Keyfield Shares. Hence, the number of shares outstanding was increased from 250,520,000 Shares to 501,040,000 Shares.

6.2.5 Third SPA and Keyfield Resolute Capitalisation Agreement

On 18 February 2022, Keyfield entered into the following agreements for the acquisition of 1,000 ordinary shares, representing 100% equity interest in Keyfield Resolute, which were completed on even date, as follows:

	Value (RM million)	Number of Keyfield CRNCPS issued to Lavin Group (million)
Third SPA to acquire 100% equity interest in Keyfield Resolute ⁽¹⁾	12.5	⁽²⁾ 50.0
Keyfield Resolute Capitalisation Agreement to capitalise RM65.0 million owing by Keyfield Resolute to Lavin Group ⁽¹⁾	65.0	⁽²⁾ 260.0
Total	77.5	310.0

Notes:

⁽¹⁾ Both of these are related party transactions.

⁽²⁾ Issued at issue price of RM0.25 per Keyfield CRNCPS to Lavin Group as consideration for the respective agreements. Kindly refer to Section 6.2.8(ii) for the salient terms of the Keyfield CRNCPS.

With the completion of the above agreements, Compassion and Commander are part of our fleet.

Resulting from the Third SPA and the Keyfield Resolute Capitalisation Agreement, the total purchase consideration for Keyfield Resolute was RM77.5 million.

6. INFORMATION ON OUR GROUP (Cont'd)

6.2.6 Stratos MOA

On 18 February 2022, Keyfield Serenity, a wholly-owned subsidiary of the Company had entered into the Stratos MOA with Stratos Vessel to acquire Grace for a total purchase consideration of RM65.0 million. Upon the completion of the Stratos MOA, Keyfield Serenity is the registered owner of Grace. The Stratos MOA was completed on 18 February 2022.

The acquisition was fully satisfied via the issuance of 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 per Keyfield CRNCPS by Keyfield to Stratos Private Equity, the holding company of Stratos Vessel. Kindly refer to Section 6.2.8(ii) for the salient terms of the Keyfield CRNCPS.

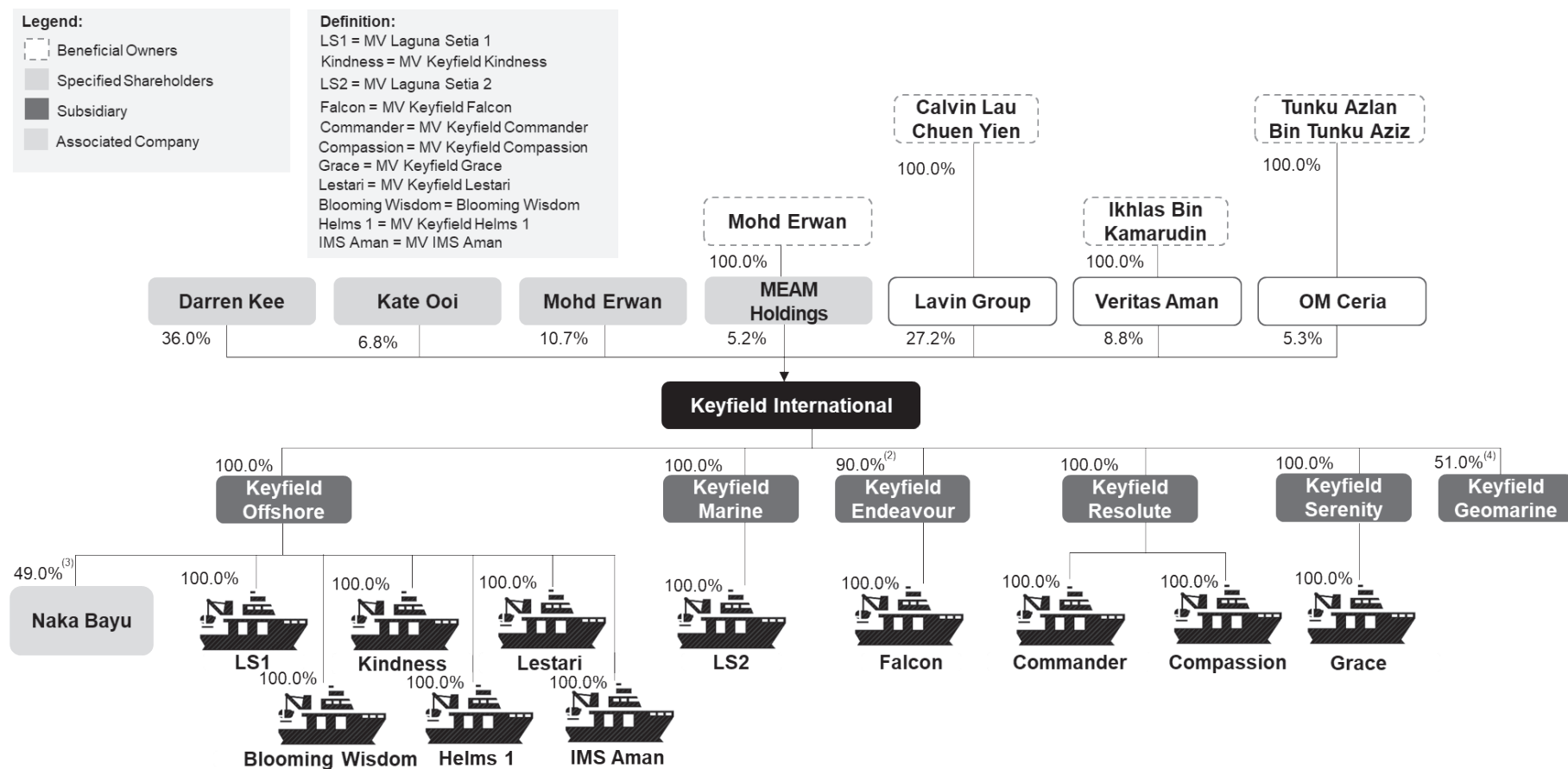
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6. INFORMATION ON OUR GROUP (Cont'd)

6.2.7 Group structure

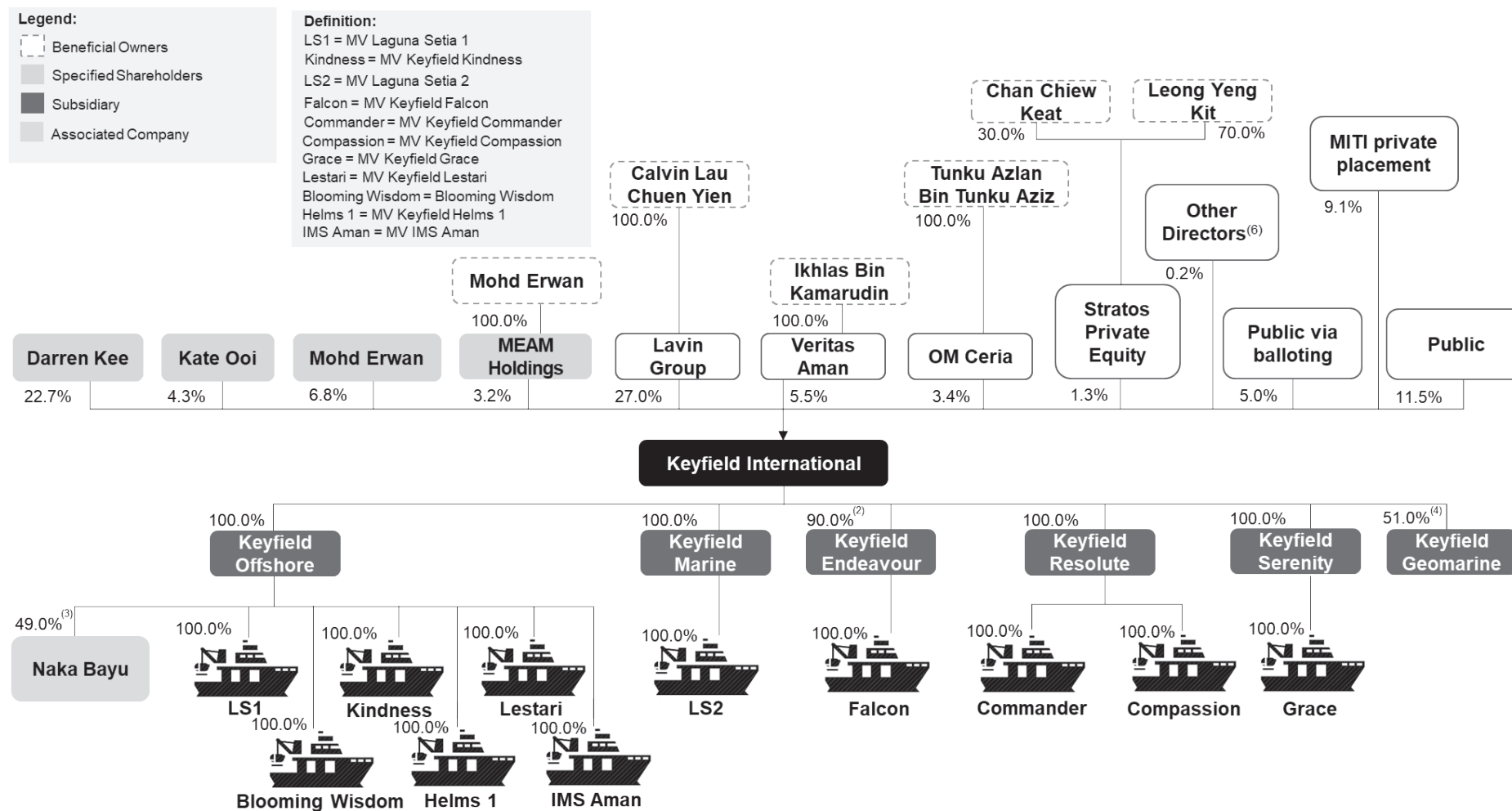
An overview of our group structure as at the LPD and after our IPO is as follows:

(i) As at the LPD ⁽¹⁾



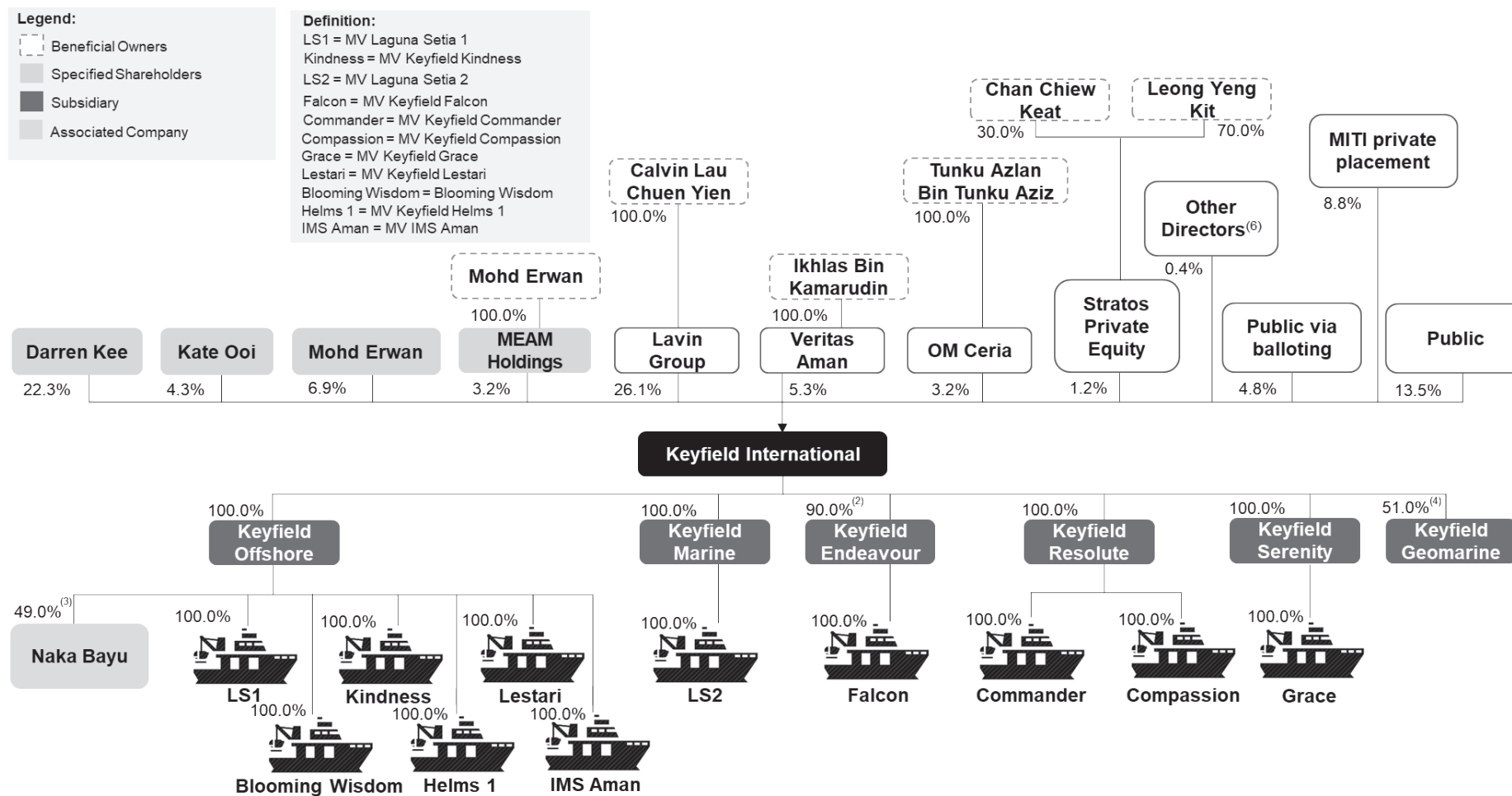
6. INFORMATION ON OUR GROUP (Cont'd)

(ii) After the IPO and prior to exercise of ESOS Options ⁽⁵⁾



6. INFORMATION ON OUR GROUP (Cont'd)

(iii) After the exercise of ESOS Options ⁽⁷⁾



6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Based on the total number of 501,040,000 Shares before our IPO.
- (2) The remaining 10.0% equity interest and 1 ordinary share (negligible interest) in Keyfield Endeavour are held by Maltiquist and Keyfield Offshore, respectively. The sole director and shareholder of Maltiquist is Mohamed Zaidee Bin Abang Hipni.
- (3) The remaining 51.0% equity interests in Naka Bayu are held by Tunku Azlan Bin Tunku Aziz (30.0%) and Mohd Erwan (21.0%).
- (4) The remaining 49.0% equity interests in Keyfield Geomarine is held by Helms Geomarine Sdn Bhd. Helms Geomarine Sdn Bhd is one of our top 5 major customer in FYE 2022 (contributing RM20.3 million or 8.6% of our revenue) and FPE Sep 2023 (contributing RM13.3 million or 4.3% of our revenue).
- (5) Based on the enlarged total number of 800,000,000 Shares after our IPO and assuming full subscription of the Shares under Pink Form Allocations.
- (6) Comprising Pink Form Allocations and allocation of the ESOS Options to our eligible Directors (save for Darren Kee and Mohd Erwan). Further details of our Pink Form Allocations and allocation of the ESOS Options are set out in Section 4.4.2 and 4.4.3, respectively.
- (7) Based on the enlarged total number of 828,000,000 Shares after our IPO, assuming full subscription of the Shares under Pink Form Allocations and exercise of 28,000,000 ESOS Options by the Grantees.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.2.8 Share capital**

As at the LPD, our share capital is RM267,760,001 comprising 501,040,000 Shares and 570,000,000 Keyfield CRNCPS. The movements in our share capital since the date of our incorporation are set out below:

(i) Ordinary shares

Date of allotment	No. of Shares	Nature of transaction	Consideration	Cumulative issued share capital RM
30 November 2020	2	Subscribers' shares ⁽¹⁾	Cash	2
23 December 2020	179,999,998	Second SPA	Otherwise than cash	90,000,001
28 December 2020	16,520,000	Capitalisation of shareholder's advance ⁽²⁾	Otherwise than cash	98,260,001
28 December 2020	13,000,000	Capitalisation of shareholder's advance ⁽²⁾	Otherwise than cash	104,760,001
28 December 2020	19,000,000	Capitalisation of shareholder's advance ⁽³⁾	Otherwise than cash	114,260,001
28 December 2020	22,000,000	Capitalisation of shareholder's advance ⁽³⁾	Otherwise than cash	125,260,001
27 December 2021	250,520,000	Share split of 1 existing shares to 2 Shares	-	125,260,001

Notes:

- (1) One each of the subscribers' shares was allotted to Darren Kee and Mohd Erwan respectively.
- (2) The capitalisation of shareholder's advance owing by Keyfield Marine to Darren Kee of RM14.76 million by way of issuance of 29,520,000 new Shares in the Company at an issue price of RM0.50 per Share. Out of these 29,520,000 new Shares issued to Darren Kee on 28 December 2020, he sold 13,000,000 Shares to MEAM Holdings for a total consideration of RM8.1 million. Please refer to Section 6.2.3.2(i)(a) for detailed information on this capitalisation of shareholder's advance.
- (3) The capitalisation of shareholder's advance owing by Keyfield Offshore to Lavin Group of RM20.50 million by way of issuance of 41,000,000 new Shares in the Company at an issue price of RM0.50 per Share. Out of these 41,000,000 new Shares issued to Lavin Group on 28 December 2020, Lavin Group sold 22,000,000 Shares to Veritas Aman for a total consideration of RM12.1 million. Please refer to Section 6.2.3.2(i)(b) for detailed information on this capitalisation of shareholder's advance.

6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Keyfield CRNCPS**

Date of allotment	No. of Keyfield CRNCPS	Nature of transaction	Consideration	Cumulative issued share capital (RM)
18 February 2022	260,000,000	Acquisition of Grace	Otherwise than cash	65,000,000
18 February 2022	50,000,000	Acquisition of Keyfield Resolute	Otherwise than cash	77,500,000
18 February 2022	260,000,000	Capitalisation of the amount owing by Keyfield Resolute to Lavin Group	Otherwise than cash	142,500,000

The salient terms of the Keyfield CRNCPS are set out below:

- (a) Issue price per preference share : RM0.25
- (b) Total number of preference shares issued : 570,000,000
- (c) Tenure : 3 years commencing from and inclusive of the date of issuance
- (d) Redemption : Redeemable at any time after the preference shares are issued or at the end of the tenure, at the option of the Issuer, upon the issuer giving to the holders of the preference shares not less than 3 days' notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption
- (e) Redemption price per preference share : RM0.25
- (f) Dividends : The preference shares carry a 3% annual dividend pro rata, on a cumulative basis
- (g) Conversion rights : Not convertible into ordinary shares
- (h) Ranking of the preference shares : The preference shares shall rank *pari passu* without any preference or priority among themselves and in priority to the ordinary shares and other preference shares that may be created in future, which do not rank in priority to the preference shares but shall rank behind all secured and unsecured obligations of the company.

In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption):

6. INFORMATION ON OUR GROUP (Cont'd)

- (a) The preference shares shall confer on the holders the right to receive in priority to the holders of all other class of shares in the company, cash repayment in full of the amount (and the amount of any dividends that has been declared and remaining in arrears) of up to 100% of RM0.25 per preference share provided that there shall be no further right to participate in any surplus capital or surplus profits of the company; and
 - (b) In the event that the company has insufficient assets to permit payment of the full preference shares to the preference shares holders, the assets of the company shall be distributed rateably to the preference shares holders in proportion to the amount that each preference share holder would otherwise be entitled to receive
- (i) Voting rights of the preference shares holders : The preference shares holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending general meetings of the company.

The preference shares holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the company except in the following circumstances:

- (a) Where the dividend or part of the dividend on the preference shares has been declared but remains unpaid for more than 6 months;
- (b) On a proposal to reduce the company's share capital;
- (c) On a proposal for the disposal of the company's group's assets, business and undertakings in excess of 25% of the net assets of the company's group based on the last audited financial statements;
- (d) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the preference shares;
- (e) Upon any resolution for the winding up of the company; and
- (f) Other circumstances as may be provided under law and applicable to preference shares and/or preference shares holders from time to time.

In any such case, the preference shares holders shall be entitled to vote together with the holders of ordinary shares in the company and exercise one vote for each preference share held

6. INFORMATION ON OUR GROUP (Cont'd)

- (j) Modification of rights of the preference shares holders : The company may from time to time make modifications to the terms of the preference shares which in the opinion of the company are not materially prejudicial to the interest of the preference shares holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.

Any variation, modification or abrogation of the rights and privileges attached to the preference shares shall require the sanction of a special resolution of the preference shares holders holding or representing not less than 75% of the outstanding preference shares

- (k) Transferability : Notwithstanding anything to the contrary in the constitution of the company, the preference shares are freely transferable by its holders to any party, with the approval from the Board

- (l) Governing law : Malaysia

- (m) Listing : The preference shares shall not be listed on any stock exchange

We intend to redeem the Keyfield CRNCPS in the following manner:

Redemption source	Timeline	No. of Keyfield CRNCPS to be redeemed	RM'000
(i) Issuance of IPO Shares ⁽¹⁾	Concurrent with the Public Issue	324,000,000	81,000
(ii) Proceeds from the IPO	Note ⁽²⁾	246,000,000	61,500
		570,000,000	142,500

Notes:

(1) Via the issuance of 80,000,000 IPO Shares to Lavin Group and 10,000,000 IPO Shares to Stratos Private Equity at the IPO Price. The Issues Shares shall be issued concurrently with the Issue Shares to be issued under the Public Issue.

(2) To be redeemed using the cash proceeds from the Public Issue within 1 month from the Listing as set out in Section 4.10(i).

As at the LPD, save for the issuance of IPO Shares to redeem the Keyfield CRNCPS and ESOS Options to be granted in conjunction with our Listing, there are no outstanding warrants, options, treasury shares, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

Upon completion of our IPO (but before utilisation of IPO proceeds and the exercise of ESOS), our enlarged share capital will be increased to RM394.3 million comprising 800,000,000 Shares from the issuance of 208,960,000 Issue Shares.

The share capital of our subsidiaries and associated company is set up in Section 14.4.

6. INFORMATION ON OUR GROUP (Cont'd)**6.3 SUBSIDIARIES AND ASSOCIATED COMPANY**

As at the LPD, we have 6 subsidiaries and 1 associated company. Details of our subsidiaries and associated company are set out below:

6.3.1 Subsidiaries

	Company	Registration No. (Company No.)	Date / Place incorporation	Principal of place business	Effective of equity interest %	Principal activities
(i)	Keyfield Offshore	201301012999 (1042837-A)	17 April 2013 / Malaysia	Malaysia	100.0	Vessel ownership, chartering of offshore support vessel, provision of catering services to passengers on board vessel, ship management, trading of marine equipment and other marine related activities
(ii)	Keyfield Marine	201901038195 (1347525-U)	22 October 2019 / Malaysia	Malaysia	100.0	Vessel ownership, vessel chartering and marine related activities
(iii)	Keyfield Endeavour	202001006038 (1362358-X)	20 February 2020 / Malaysia	Malaysia	90.0 ⁽¹⁾	Vessel ownership, vessel chartering and marine related activities
(iv)	Keyfield Resolute	202101011144 (1411443-H)	26 March 2021 / Malaysia	Malaysia	100.0	Vessel ownership, vessel chartering and marine related activities
(v)	Keyfield Serenity	202201001639 (1447336-D)	12 January 2022 / Malaysia	Malaysia	100.0	Vessel ownership, vessel chartering and marine related activities
(vi)	Keyfield Geomarine	202101036282 (1436582-P)	1 November 2021 / Malaysia	Malaysia	51.0 ⁽²⁾	It is currently inactive with no current plans for any future activities. It was previously involved in the provision of geomarine support services

Notes:

⁽¹⁾ The remaining 10.0% equity interest and 1 ordinary share (negligible interest) in Keyfield Endeavour are held by Maltiquist and Keyfield Offshore, respectively.

⁽²⁾ The remaining 49.0% equity interest in Keyfield Geomarine is held by Helms Geomarine Sdn Bhd.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.2 Associated company

Company	Registration No. (Company No.)	Date / Place of incorporation	Principal of place of business	Effective of equity interest %	Principal activities

Associated company of Keyfield Offshore

Naka Bayu	201601020855 (1191793-U)	17 June 2016 / Malaysia	Malaysia	49.0 ⁽¹⁾	Inactive

Note:

⁽¹⁾ The remaining 51.0% equity interests in Naka Bayu are held by Tunku Azlan Bin Tunku Aziz (30.0%) and Mohd Erwan (21.0%).

Our associated company, Naka Bayu, was incorporated in 2016 and previously provided chartering of tugboat services. It is currently inactive.

Additional information on our subsidiaries and associated company is set out in Section 14.4.

6.4 MATERIAL INVESTMENTS AND DIVESTITURES

6.4.1 Material investments

Save as disclosed below, there were no other material investment made by us for past FYEs, FPE Sep 2023 and up to the LPD:

Description	Section	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE Sep 2023 RM'000	From 1 October 2023 up to LPD RM'000
<u>Property, plant and equipment:</u>						
Our vessels						
- LS1 ⁽¹⁾	6.4.1.1(i)	-	-	-	-	-
- LS2 ⁽²⁾	6.4.1.1(ii)	73,009	927	-	-	-
- Falcon ⁽²⁾	6.4.1.1(iii)	-	59,541	-	-	-
- Compassion ⁽³⁾	6.4.1.1(iv)	-	-	65,000	-	-
- Commander ⁽³⁾	6.4.1.1(iv)	-	-	12,500	-	-
- Grace	6.4.1.1(v)	-	-	65,000	-	-
- Kindness ⁽²⁾	6.4.1.1(vi)	-	18,072	2,196	-	-
- Lestari	6.4.1.1(vii)	-	-	-	24,457	-
- Blooming Wisdom ⁽⁴⁾	6.4.1.1(viii)	-	-	-	85,000	-
- Helms 1 ⁽⁴⁾	6.4.1.1(ix)	-	-	-	45,000	-
- IMS Aman	6.4.1.1(x)	-	-	-	-	34,800
Vessel equipment ⁽⁵⁾		621	2,328	7,250	3,835	468
Motor vehicles		-	-	605	-	267
Dry docking ⁽⁶⁾		-	-	3,493	1,164	718
					-	
<u>Investment property:</u>						
Office unit at Pavilion Embassy	6.16(i)	601	259	116	-	-

6. INFORMATION ON OUR GROUP (Cont'd)

		FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
Description	Section	RM'000	RM'000	RM'000	RM'000	RM'000
Right-of-use assets ⁽⁷⁾ :						
Helms 1		-	15,756	⁽⁸⁾ 11,974	-	-
Daya Indah Satu		-	-	9,389	-	-
Daya Ceria		-	-	-	11,675	-
Office rental		-	-	-	1,797	-
		74,231	96,883	177,523	172,928	35,934

Notes:

- (1) LS1 was acquired by our Group for a total purchase consideration of RM97.4 million in FYE 2017.
- (2) The material investment in LS2, Falcon and Kindness includes the cost of the accommodation vessel plus the cost of bringing the respective accommodation vessels to its present condition and location such as cost of additional equipment and cost of towing the accommodation vessel to Malaysia.
- (3) Material investment in Compassion and Commander comprise our cost of investment in Keyfield Resolute.
- (4) These values reflect the cash purchase price of Blooming Wisdom and Helms 1 before incorporating their respective finance charges. Such finance charges will be accounted for in our Group's consolidated statements of profit or loss and other comprehensive income in the accounting period in which they are incurred. Please refer to Section 11.5.1 for further details.
- (5) Comprises vessel equipment for of all our own vessels.
- (6) Comprises of dry docking of LS1 and Falcon in FYE 2022 and Commander in FPE Sep 2023.
- (7) As the bareboat charters of Helms 1, Daya Indah Satu, Daya Ceria and the office rental are for periods exceeding 1 year each, these are accounted for as additions to right-of-use assets under MFRS 16.
- (8) POET had sold Helms 1 to Sea Steel Sdn Bhd in FYE 2022, and as such, the bareboat charter agreement between POET and our Group for Helms 1 was terminated, which resulted in the derecognition of right-of-use asset as shown in Section 6.4.2. Thereafter, we entered into an agreement with Sea Steel Sdn Bhd to bareboat charter Helms 1, resulting in this addition to the right-of-use asset under MFRS 16.

The above material investments were made within Malaysia and primarily financed by a combination of shareholders' advances, third party advances, term loans, Keyfield CRNCPS, Keyfield Offshore CRNCPS and internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)**6.4.1.1 History and background of our vessels****(i) LS1**

In November 2016, Keyfield Marine Limited entered into a memorandum of agreement with WCL to acquire LS1 for a purchase consideration of USD24.0 million (equivalent to RM97.4 million). LS1 was newly built by Jingjiang Nanyang Shipbuilding Co Ltd and Nantong Shunyang Trade and Development Co Ltd ("LS Series Shipbuilders") when it was acquired by Keyfield Marine Limited from WCL and was delivered to Keyfield Marine Limited in 2017.

The purchase consideration of USD24.0 million was satisfied in the following manner:

Source of funds	USD'million	RM'million
• Issuance of new shares in Keyfield Offshore to Darren Kee, Kate Ooi and Mohd Erwan ⁽¹⁾	10.0	42.0
• Borrowings from a local financial institution	7.2	30.0
• Internally generated funds from our Group	6.8	25.4
Total purchase consideration	24.0	97.4

Note:

- (1) Keyfield Offshore had issued 9,000,000 ordinary shares and 33,000,000 non-cumulative non-redeemable convertible preference shares ("Keyfield Offshore NCNRCPS"), at issue prices of RM1.00 each per ordinary share and Keyfield Offshore NCNRCPS to the Darren Kee, Kate Ooi and Mohd Erwan, being shareholders of Keyfield Offshore, for a total consideration of RM42.0 million.

(ii) LS2

In December 2015, WCL entered into a shipbuilding contract with LS Series Shipbuilders to build LS2 (LS2 Shipbuilding Contract) at a purchase consideration of USD17.0 million (equivalent to RM70.9 million).

Pursuant to the novation agreement dated 19 August 2020 between WCL, Keyfield Marine and the LS Series Shipbuilders, WCL had novated its rights, interests, benefits, obligations and liabilities under the LS2 Shipbuilding Contract to Keyfield Marine.

LS2 was newly built when it was acquired by Keyfield Marine and was delivered in September 2020.

In summary, the purchase consideration for LS2 of USD17.0 million was satisfied in the following manner:

Source of funds	USD'million	RM'million
• Issuance of 29,520,000 new Shares to Darren Kee ⁽¹⁾	3.6	14.8
• Issuance of 41,000,000 new Shares to Lavin Group	5.0	20.5
• Net amount refinanced through borrowings from a local financial institution	8.4	⁽²⁾ 35.6
Total purchase consideration	17.0	70.9

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Pursuant to the novation and capitalisation agreement dated 28 December 2020 between Keyfield, Darren Kee, WCL and Keyfield Marine, WCL had novated the outstanding sum of USD3.6 million (equivalent to RM14.8 million) to Darren Kee which was thereafter capitalised through the issuance of 29,520,000 new Shares at an issue price of RM0.50 per new Share to Darren Kee. Darren Kee sold 13,000,000 Shares to MEAM Holdings for a total sale consideration of RM8.1 million.
- (2) In December 2020, Keyfield Marine had drawdown the amount of RM37.7 million from a local financial institution to partially refinance the cost of acquisition of LS2. From the proceeds, an aggregate amount of *RM35.6 million was used to repay the following:
- (a) The outstanding amount owing to WCL of USD0.2 million (equivalent to *RM0.9 million);
 - (b) The outstanding amount owing to Lavin Group of USD7.8 million (equivalent to *RM31.6 million); and
 - (c) The balance outstanding sum owing to the LS Series Shipbuilders of USD0.4 million (equivalent to *RM1.6 million).

Note:

- * The difference of RM1.5 million represents foreign exchange differences.

(iii) Falcon

In 2017, Falcon was first delivered by its shipbuilder, POET (China) Shipping & Engineering Pte Ltd to POET.

On 28 September 2020, Keyfield Endeavour entered into a memorandum of agreement with POET for the acquisition of Falcon, a second hand accommodation vessel, for USD14.5 million (equivalent to RM58.6 million) and completed the acquisition of Falcon in January 2021.

As at February 2021, the purchase consideration for Falcon was fully satisfied in the following manner:

Source of funds	USD'million	RM'million
• Loan from Positive Boom Limited ⁽¹⁾	⁽²⁾ 11.00	44.3
• Investment by Maltiquest into Keyfield Endeavour	⁽³⁾ 1.50	6.0
• Internally generated funds from the Group	2.00	8.3
Total purchase consideration	14.50	58.6

Notes:

- (1) Positive Boom Limited was incorporated as a private limited company under BVI Business Companies Act on 15 April 2014. The principal activity of Positive Boom Limited is in investment holding. As at the LPD, Positive Boom Limited has a share capital of USD1.00 comprising 1 ordinary share. The sole director and sole shareholder of Positive Boom Limited is Choi Chiu Fai, Stanley.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) Pursuant to a loan agreement dated 11 January 2021 as set out in Section 6.16(xiii), Positive Boom Limited had loaned a sum of USD11.0 million (equivalent to RM44.3 million) to our Company. The sum was then advanced to Keyfield Endeavour for the acquisition of Falcon. This loan has been fully repaid via internally generated funds in October 2023.
- (3) Via the issuance of ordinary shares and preference shares in Keyfield Endeavour (RM0.5 million and RM2.5 million in value) to Maltquest, and shareholders' advance of RM3.0 million from Maltquest to Keyfield Endeavour. Keyfield Endeavour Subscription Agreement (as set out in Section 6.16(xvi)) has been executed on 7 May 2021 and the additional Keyfield Endeavour ordinary shares and preference shares have been allotted and issued to our Company, Keyfield Offshore and Maltquest on 7 May 2021.

(iv) Compassion and Commander

In 2008, Commander was first delivered by its shipbuilder, Drydocks World-Singapore Pte Ltd to Bumi Armada Navigation Sdn Bhd ("BAN"). In 2021, Lavin Vessel 1 Sdn Bhd (now known as Keyfield Resolute) acquired Commander, a second hand accommodation vessel, from BAN. The acquisition was funded by Keyfield Resolute's then shareholder, Lavin Group, by way of an intercompany loan.

Compassion was first delivered by its shipbuilder, Fujian Southeast Shipbuilding Co Ltd, to SK Sino Ocean Ltd in 2019. In 2021, Keyfield Resolute also acquired Compassion, a second hand accommodation vessel, from SK Sino Ocean Ltd. The acquisition was funded by Keyfield Resolute's then shareholder, Lavin Group, by way of an intercompany loan.

In August 2021, Keyfield Offshore commenced the bareboat charter of Compassion and Commander on a bareboat basis.

On 18 February 2022, Keyfield entered into the following agreements for the acquisition of 1,000 ordinary shares, representing 100% equity interest in Keyfield Resolute, which were completed on even date, as follows:

	Value (RM million)	Number of Keyfield CRNCPS issued to Lavin Group (million)
Third SPA to acquire 100% equity interest in Keyfield Resolute ⁽¹⁾	12.5	⁽²⁾ 50.0
Keyfield Resolute Capitalisation Agreement to capitalise RM65.0 million owing by Keyfield Resolute to Lavin Group ⁽¹⁾	65.0	⁽²⁾ 260.0
Total	77.5	310.0

Notes:

- (1) Both of these are related party transactions.
- (2) Issued at issue price of RM0.25 per Keyfield CRNCPS to Lavin Group as consideration for the respective agreements.

With the completion of the above agreements, Compassion and Commander are part of our fleet.

6. INFORMATION ON OUR GROUP (Cont'd)

The bareboat charter of Compassion and Commander was discontinued after we completed the acquisition of Keyfield Resolute.

In total, 310,000,000 Keyfield CRNCPS was issued to Lavin Group under the Third SPA and Keyfield Resolute Capitalisation Agreement. Kindly refer to Section 6.2.8(ii) for the salient terms of the Keyfield CRNCPS.

(v) Grace

Grace was newly built by Guangxin Shipbuilding & Heavy Industry Co Ltd when it was acquired by Stratos Vessel in 2021. The acquisition was funded by Stratos Vessel's shareholder, Stratos Private Equity, by way of an intercompany loan.

In September 2021, Keyfield Offshore commenced the bareboat charter of Grace from Stratos Vessel on a bareboat basis.

On 18 February 2022, Keyfield Serenity, a wholly-owned subsidiary of the Company had entered into the Stratos MOA with Stratos Vessel to acquire Grace for a total purchase consideration of RM65.0 million. Upon the completion of the Stratos MOA, Keyfield Serenity is the registered owner of Grace. The Stratos MOA was completed on 18 February 2022 and the bareboat charter of Grace was discontinued.

The acquisition was fully satisfied via the issuance of 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 per Keyfield CRNCPS by Keyfield to Stratos Private Equity, the holding company of Stratos Vessel. Kindly refer to Section 6.2.8(ii) for the salient terms of the Keyfield CRNCPS.

(vi) Kindness

On 11 October 2021, Keyfield Offshore entered into a shipbuilding contract with Vantage Construction (Hong Kong) Co Limited to acquire Kindness for a purchase consideration of USD4.3 million (equivalent to RM17.7 million). Keyfield Offshore took legal ownership of Kindness on 9 November 2021.

Kindness arrived in Malaysia in March 2022 and commenced operations in May 2022 after completing the installation of additional equipment including towing gears and VSAT equipment, as well as the required safety inspections.

The purchase consideration for Kindness of USD4.3 million was satisfied in the following manner:

Source of funds	USD'million	RM'million
• Advances from Lavin Group	⁽¹⁾ 1.0	4.2
• Issuance of Keyfield Offshore CRNCPS to Stratos Private Equity	3.3	⁽²⁾ 13.5
Total purchase consideration	4.3	17.7

Notes:

- ⁽¹⁾ Pursuant to a promissory note dated 11 October 2021 as set out in Section 6.16(xx), Lavin Group had advanced a sum of USD1.0 million (equivalent to RM4.2 million) to Keyfield Offshore. This amount has been fully repaid in December 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) On 24 November 2021, Keyfield Offshore issued a total of 15,562,500 cumulative redeemable non-convertible preference shares (Keyfield Offshore CRNCPS) at the issue price of RM1.00 to Stratos Private Equity. The proceeds for the issuance were utilised as follows:

	<u>RM'million</u>
Part finance the acquisition of Kindness	13.5
Additional equipment and mobilisation related expenses for Kindness	2.1
Total	<u>15.6</u>

The above Keyfield Offshore CRNCPS has been fully redeemed as follows:

- (i) RM10.0 million via the drawdown of a 4-year term loan from Alliance Bank Malaysia Berhad in September 2022.
- (ii) RM5.6 million via our internally generated funds in November 2022.

(vii) Lestari

In 2014, Lestari was first delivered by its shipbuilder, Jiangsu Hongqiang Marine Heavy Industry Co Ltd to Permata Bentara (L) Ltd. In 2023, Lestari was put up for sale via a public auction by the Sheriff of the Admiralty Court Kuala Lumpur. Keyfield Offshore had bid for and such bid was accepted by the Kuala Lumpur Admiralty High Court. Subsequently, Keyfield Offshore completed the acquisition of Lestari in March 2023.

The acquisition was funded by Keyfield Offshore's internally generated funds.

(viii) Blooming Wisdom

In 2022, Blooming Wisdom was first delivered by its shipbuilder, Nantong Yahua Shipbuilding Group Co Ltd to Azulite Bloom Sdn Bhd.

In April 2023, Keyfield Offshore entered into a memorandum of agreement with Azulite Bloom Sdn Bhd for the acquisition of Blooming Wisdom for a purchase consideration of RM94.9 million which consists of the following:

	<u>Blooming Wisdom RM'million</u>
Cash purchase price	85.0
Finance charges ⁽¹⁾	9.9
Total purchase consideration	<u>94.9</u>

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 48 monthly instalments of RM1.98 million. As at the LPD, the outstanding purchase consideration is RM67.1 million.

6. INFORMATION ON OUR GROUP (Cont'd)

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Azulite Bloom Sdn Bhd shall grant Keyfield Offshore a reduction in finance charges corresponding with the date of such early settlement.

Currently, the monthly instalment for Blooming Wisdom is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024, through the following:

- (i) RM65.0 million from the IPO proceeds. Please refer to Section 4.10(iii) for further details; and
- (ii) RM0.5 million from our internally generated funds.

Such full settlement by April 2024 will result in our Group being granted a reduction in finance charge of RM5.7 million. The actual reduction in finance charge will vary in accordance with the actual settlement date.

(ix) Helms 1

In 2017, Helms 1 was first delivered to its first owner, POET. POET had bareboat chartered it to Keyfield Offshore from August 2021 to September 2022. POET subsequently sold Helms 1 to Sea Steel Sdn Bhd, who bareboat chartered Helms 1 to Keyfield Resolute from September 2022 to April 2023.

In April 2023, Keyfield Offshore entered into a memorandum of agreement with Sea Steel Sdn Bhd to acquire Helms 1 for a purchase consideration of RM50.5 million which consists of the following:

	Helms 1
	RM'million
Cash purchase price	45.0
Finance charges ⁽¹⁾	5.5
Total purchase consideration	50.5

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 29 monthly instalments of RM0.5 million and a final instalment of RM35.5 million. As at the LPD, the outstanding purchase consideration is RM41.5 million.

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Sea Steel Sdn Bhd shall grant Keyfield Offshore a reduction in finance charges corresponding with the date of such early settlement.

Currently, the monthly instalment for Helms 1 is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024, through the following:

6. INFORMATION ON OUR GROUP (Cont'd)

- (i) RM35.0 million from the IPO proceeds. Please refer to Section 4.10(iv) for further details; and
- (ii) RM6.2 million from our internally generated funds.

Such full settlement by April 2024 will result in our Group being granted a reduction in finance charge of RM3.2 million. The actual reduction in finance charge will vary in accordance with the actual settlement date.

(x) IMS Aman

In 2009, IMS Aman was first delivered by its shipbuilder, Muhibbah Marine Engineering Sdn Bhd to Inno Marine Services Sdn Bhd.

In January 2024, Keyfield Offshore had entered into a Sale and Purchase Agreement with Khas Jejaka Sdn Bhd, a subsidiary of Muhibbah Engineering (M) Bhd, for the acquisition of IMS Aman for a purchase consideration of RM34.8 million. The acquisition price was below the market value after taking into consideration the market value of IMS Aman as assessed by a professional valuer. Keyfield Offshore completed the acquisition and took delivery of IMS Aman in January 2024.

The acquisition was funded via Keyfield Offshore's internally generated funds.

The procedures relating to the acquisition of vessels is set out below:

- (i) Our management team is in contact with shipyards, shipbrokers, other vessel owners and industry players regarding vessels which are available for sale and their indicative prices.
- (ii) Should there be any vessel for sale which meets our criteria, we will then enter into the next stage of discussions with the potential vendor regarding our potential acquisition.

Among others, our criteria are as follows:

- (a) The vessel fits our strategic growth objectives.
- (b) The vessel's specifications are of a certain standard which meets the criteria of our customers.
- (c) The various important equipment on board, such as engine, generators, thrusters, air-conditioning system, crane, winches, Dynamic Positioning equipment (if applicable) are supplied by reputable manufacturers.
- (d) If the vessel is an existing vessel (i.e. 'secondhand'), the vessel is in a good working condition. In the event that the vessel is not in a good working condition, we will impute the potential repair costs into our acquisition costs.
- (e) Whether the vessel has a track record of working for customers in Malaysia.
- (f) We are able to meet the payment terms imposed by the vendor.
- (g) The vessel is able to generate returns on our investment.

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) We will perform an inspection on the vessel to check on their specifications and general condition. We will also appoint third party inspectors as and when necessary.
- (iv) We will engage an experienced and professional valuer to assess the market value of the vessel.
- (v) We will also impute the various cost relating to the delivery and mobilisation of the vessel. For example, if the vessel is located overseas, we will need to impute the cost of sailing or towing to Malaysia.
- (vi) We will obtain our Board's approval to proceed with the acquisition.
- (vii) We will proceed to sign an agreement with the vendor to acquire the vessel after all the terms have been agreed upon.
- (viii) We take delivery of the vessel and prepare her for our vessel chartering business.

6.4.2 Material divestitures

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past FYEs, FPE Sep 2023 and up to the LPD:

	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to the LPD
Description	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Property, plant and equipment:</u>					
Motor vehicle	-	-	550	-	-
<u>Investment property:</u>					
Avantas Residensi	(1)2,585	-	-	-	-
<u>Right-of-use assets:</u>					
Helms 1	-	-	(2)10,066	(3)8,631	-

Notes:

- (1) Kindly refer to the sale and purchase agreement dated 7 July 2020 as set out in Section 6.16(ii).
- (2) POET had sold Helms 1 to Sea Steel Sdn Bhd in FYE 2022 and as such, the bareboat charter agreement between POET and our Group for Helms 1 was terminated. This amount represents the value of the right-of-use asset derecognised by our Group arising from such termination. Thereafter, we entered into an agreement with Sea Steel Sdn Bhd to bareboat charter Helms 1, resulting in the addition to right-of-use asset as detailed in Section 6.4.1.
- (3) Our Group acquired Helms 1 from Sea Steel Sdn Bhd in April 2023, as detailed in Section 6.4.1.1(ix) and as such, the bareboat charter agreement between Sea Steel Sdn Bhd and our Group for Helms 1 was terminated. This amount represents the value of the right-of-use asset derecognised arising from such termination.

Kindly refer to Section 11.6.1 for details of our material capital commitments as at the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

As at the LPD, we have not identified any other companies' shares for acquisition.

6.6 PRINCIPAL BUSINESS ACTIVITIES

Keyfield is an investment holding company and through our subsidiaries, we are principally involved in the following:

- (i) Chartering of own accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services; and
- (ii) Chartering of third party accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services.

The accommodation vessels we charter primarily cater for the upstream oil and gas industry. Our customers primarily comprise PCSB, PACs, oil and gas contractors and offshore support vessel owners.

As at the LPD, we own 11 accommodation vessels of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. The available accommodation capacity of these vessels are as follows:

Vessel size segment	Vessel Name	Available accommodation capacity ⁽¹⁾ (persons)	
		Passengers	Total
Smaller sized vessel	Kindness	34	50
	Helms 1	28	48

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel size segment	Vessel Name	Available accommodation capacity ⁽¹⁾ (persons)	
		Passengers	Total
Medium sized vessel	Grace 	110	150
	Lestari 	140	180
	Compassion 	150	192
	IMS Aman 	153	198

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel size segment	Vessel Name	Available accommodation capacity ⁽¹⁾ (persons)	
		Passengers	Total
	Commander 	155	200
	Falcon 	155	200
	LS1 	160	208
	LS2 	160	208

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel size segment	Vessel Name	Available accommodation capacity ⁽¹⁾ (persons)	
		Passengers	Total
Larger sized vessel	Blooming Wisdom 	420	500
Total available accommodation capacity		1,665	2,134

Note:

- (1) Such available capacity of 2,134 persons can be utilised by both the passengers of our charterer as well as our own crew members. Out of this, the available accommodation capacity for passengers for our own vessels is 1,665 persons.

In addition to our own vessels, we also:

- (i) Bareboat charter Daya Indah Satu and Daya Ceria as at the LPD, both DP2-equipped AHTS with accommodation capabilities of 50 personnel each; and
- (ii) Time charter various third party vessels as and when required by our customers, on spot basis.

Full details of our fleet of own vessels are stated in Section 6.6.3 while details of the third party vessels which we have chartered during the past FYEs are stated in Section 6.6.4.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.6.1 Our business model**

Our business model can be summarised as follows:

Principal activities	Revenue model	Customer segments
(i) Chartering of own accommodation vessels and provision of related onboard services	(i) Chartering revenue ⁽¹⁾	• PCSB and PACs
(ii) Chartering of third party accommodation vessels and provision of related onboard services	(ii) Catering and laundry service revenue ⁽²⁾ (iii) Other revenue ⁽³⁾ from additional services or equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys	• Oil and gas contractors • Other offshore support vessel owners

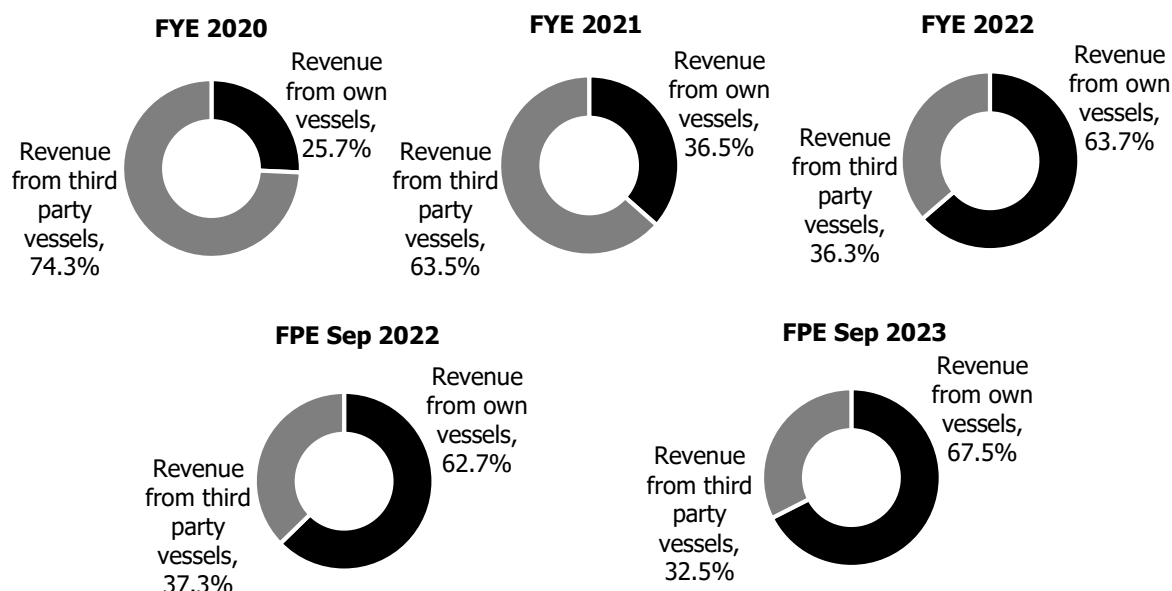
Notes:

- (1) Chartering revenue from our own and third party vessels, based on the contracted DCR multiplied by the number of days during which these vessels operate. The DCR is for the usage of the vessels as an accommodation, utility and/or maintenance vessel, including services such as its operation and maintenance, housekeeping and medical services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. Other components of chartering revenue are mobilisation fee and demobilisation fee for situating the vessel to and from the on/off-hire port. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers.
- (2) Catering and laundry service revenue from our own and other third party vessels. Catering income is recognised upon the rendering of catering services such as provision of food and beverages and laundry services to customers over the duration of the charter hire period. Catering and laundry service revenue is dependent on the number of passengers on board the vessels, which may subject to a minimum charge and the number of days which the vessel is on-hired.
- (3) Other service income arising from services related to the vessels such as VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

6. INFORMATION ON OUR GROUP (Cont'd)

6.6.2 Principal Business Segments and Markets

The breakdown of our Group's revenue segmentation by principal business activities is as follows:



For the FYEs 2020 to 2022, revenue from the charter of vessels constituted between 79.2% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

For the FYEs 2020 to 2022 as well as FPEs Sep 2022 and Sep 2023, the chartering of own accommodation vessels and provision of related onboard services constituted 25.7%, 36.5%, 63.7%, 62.7% and 67.5% respectively of our Group's annual revenue. Meanwhile, the chartering of third party accommodation vessels and provision of related onboard services constituted 74.3%, 63.5%, 36.3%, 37.3% and 32.5% respectively of our Group's annual revenue.

For the FYE 2020, all our revenue was derived from Malaysia. In FYE 2021, 93.4% of our revenue was derived from Malaysia while remaining 6.6% was from the Philippines. In FYE 2022, 98.3% of our revenue was derived from Malaysia while remaining 1.7% was from the Philippines. In FPE Sep 2023, 99.8% of our revenue was derived from Malaysia while remaining 0.2% was from Thailand.

6.6.3 Key specifications of our own accommodation vessels

As at the LPD, we own 11 Malaysian-flagged accommodation vessels. All of these vessels have been registered with the Marine Department Malaysia. All of these vessels have commenced operations since June 2023, save for IMS Aman which became part of our fleet in January 2024 and commenced operations as our own vessel in mid March 2024.

6. INFORMATION ON OUR GROUP (Cont'd)

A typical accommodation vessel has the following features:

Features/Amenities	Description
(a) Crane 	Crane is used to lift offshore equipment and materials to/from the offshore oil and gas platform and has man-riding capabilities (where offshore personnel can be carried using a personnel transfer basket to/from offshore oil and gas platform). The crane(s) must comply with operational requirements by PACs and the American Petroleum Institute specifications (API 2C) 7th Edition.
(b) Workable deck space 	Workable deck space refers to deck space allocated for the storage of offshore equipment and material before it is lifted using the crane to the offshore oil and gas platform, as well space to perform offshore oilfield activities.
(c) VSAT 	VSAT is used in the transmission and receipt of data, voice and video signals over satellite communication network to enable internet connectivity and real-time vessel tracking system.
(d) Bridge 	The bridge is the main control centre of the vessel, from where the Master and officers are able to man the entire operations. It houses the manoeuvring and navigation equipment, communication systems as well as miscellaneous features. Accommodation vessels typically have 360° view bridge, allowing for Master and officers to have full view of the surrounding and control manoeuvre the vessel forward and backwards in a single bridge.
(e) Cabins 	Cabins are for lodging purposes. The cabins should comply with the Maritime Labour Convention 2006 guidelines in terms of room size and height requirement. Accommodation vessels typically have different types of cabins, i.e. 1-man cabins, 2-men cabins and 4-men cabins. These cabins are fitted with bathrooms and intercom telephones; and some are equipped with televisions and radio antenna sockets. The cabins also have in-built windows which allow for natural sunlight to enter.

6. INFORMATION ON OUR GROUP (Cont'd)

(f) Hospital 	Hospital is for treatment of sick persons and must be constructed to be in compliance with operational requirements set out by PACs and Marine Labour Convention 2006.
(g) Mess room 	Mess room is a dining room. It also serves as a safety briefing room or function room. A mess room is typically equipped with water dispenser and a public fridge.
(h) Galley 	Galley is a kitchen used for preparation of meals for offshore personnel and crew members. It is fitted with freezers, chillers and provision room.

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6. INFORMATION ON OUR GROUP (Cont'd)

The key specifications of our own accommodation vessels are as follows:

LS1		LS2	
			
Class:	RINA	Class:	RINA
Year first delivered:	2017	Year first delivered:	2020
Year delivered to our Group:	2017	Year delivered to our Group:	2020
Overall length:	78.0 metres	Overall length:	78.0 metres
Gross weight:	4,025 tonnes	Gross weight:	4,025 tonnes
Breadth moulded:	20.0 metres	Breadth moulded:	20.0 metres
Capacity:	208 persons-on-board comprising offshore personnel and crew members	Capacity:	208 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	64 rooms	Number of accommodation rooms:	64 rooms
Engine:	2 x 2,733 BHP Diesel engine	Engine:	2 x 2,733 BHP Diesel engine
Workable deck space:	Approximately 700 m ²	Workable deck space:	Approximately 700 m ²
Safe working load of crane:	50 tonnes at 15-metre radius	Safe working load of crane:	50 tonnes at 15-metre radius
DP/Mooring System:	4-point mooring	DP/Mooring System:	4-point mooring
Fuel capacity:	1,051.7 m ³	Fuel capacity:	1,051.7 m ³
VSAT internet connectivity:	C-Band, up to 20Mbps	VSAT internet connectivity:	C-Band, up to 20Mbps
Other additional features:	N/A	Other additional features:	N/A

6. INFORMATION ON OUR GROUP (Cont'd)

Falcon		Compassion	
			
Class:	RINA	Class:	RINA
Year first delivered:	2017	Year first delivered:	2019
Year delivered to our Group:	2021	Year delivered to our Group:	2022
Overall length:	80.0 metres	Overall length:	85.0 metres
Gross weight	5,312 tonnes	Gross weight	4,951 tonnes
Breadth moulded:	20.0 metres	Breadth moulded:	22.0 metres
Capacity:	200 persons-on-board comprising offshore personnel and crew members	Capacity:	192 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	65 rooms	Number of accommodation rooms:	56 rooms
Engine:	2 x 4,000 BHP Diesel-electric hybrid propulsion system	Engine:	2 x 3,000 BHP Diesel engine
Workable deck space:	Approximately 820 m ²	Workable deck space:	Approximately 800 m ²
Safe working load of crane:	70 tonnes at 13-metre radius	Safe working load of crane:	80 tonnes at 25-metre radius
DP/Mooring System:	DP2 and 4-point mooring	DP/Mooring System:	DP2 and 4-point mooring
Fuel capacity	1,400 m ³	Fuel capacity	1,150 m ³
VSAT internet connectivity:	C-Band, up to 20Mbps	VSAT internet connectivity:	C-Band, up to 20Mbps
Other additional features:	N/A	Other additional features:	• Moonpool • Helideck • Cement tank

6. INFORMATION ON OUR GROUP (Cont'd)

Commander		Grace	
			
Class:	RINA	Class:	ABS ⁽³⁾
Year first delivered:	2008	Year first delivered:	2021
Year delivered to our Group:	2022	Year delivered to our Group:	2022
Overall length:	75.0 metres	Overall length:	78.0 metres
Gross weight:	3,276 tonnes	Gross weight:	4,938 tonnes
Breadth moulded:	20.0 metres	Breadth moulded:	20.0 metres
Capacity:	200 persons-on-board comprising offshore personnel and crew members	Capacity:	150 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	57 rooms	Number of accommodation rooms:	67 rooms
Engine:	2 x 2,960 BHP Diesel engine	Engine:	2 x 3,000 BHP Diesel engine
Workable deck space:	Approximately 482 m ²	Workable deck space:	Approximately 850 m ²
Safe working load of crane:	30 tonnes at 12-metre radius	Safe working load of crane:	64 tonnes at 13-metre radius
DP/Mooring System:	DP2 and 4-point mooring	DP/Mooring System:	DP2 and 4-point mooring
Fuel capacity:	496.2 m ³	Fuel capacity:	1,300 m ³
VSAT internet connectivity:	C-Band, up to 20Mbps	VSAT internet connectivity:	C-Band, up to 6Mbps
Other additional features:	N/A	Other additional features:	• Helideck

6. INFORMATION ON OUR GROUP (Cont'd)

Kindness		Lestari	
			
Class:	RINA ⁽²⁾	Class:	RINA
Year first delivered:	2021	Year first delivered:	2014
Year delivered to our Group:	2021	Year delivered to our Group:	2023
Overall length:	60.0 metres	Overall length:	70.5 metres
Gross weight:	1,896 tonnes	Gross weight:	2,914 tonnes
Breadth moulded:	15.8 metres	Breadth moulded:	19.5 metres
Capacity:	50 persons-on-board comprising offshore personnel and crew members	Capacity:	180 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	18 rooms	Number of accommodation rooms:	52 rooms
Engine:	2 x 2,544 BHP Diesel engine	Engine:	2 x 2,000 BHP Diesel engine
Workable deck space:	Approximately 390 m ²	Workable deck space:	Approximately 550 m ²
Safe working load of crane:	N/A	Safe working load of crane:	40 tonnes at 10-metre radius
DP/Mooring System:	DP1	DP/Mooring System:	4-point mooring
Fuel capacity:	560 m ³	Fuel capacity:	575 m ³
VSAT internet connectivity:	KU-Band, up to 5Mbps	VSAT internet connectivity:	C-Band, up to 20Mbps
Other additional features:	• Bollard pull	Other additional features:	N/A

6. INFORMATION ON OUR GROUP (Cont'd)

Blooming Wisdom		Helms 1	
			
Class:	RINA ⁽²⁾	Class:	RINA ⁽²⁾
Year first delivered:	2022	Year first delivered:	2017
Year delivered to our Group:	2023	Year delivered to our Group:	2023
Overall length:	123.0 metres	Overall length:	76.0 metres
Gross weight:	18,906 tonnes	Gross weight:	3,567 tonnes
Breadth moulded:	37.8 metres	Breadth moulded:	17.6 metres
Capacity:	500 persons-on-board comprising offshore personnel and crew members	Capacity:	48 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	179 rooms	Number of accommodation rooms:	23 rooms
Engine:	N/A	Engine:	2 x 2,500 BHP Diesel engine
Workable deck space:	Approximately 2,220 m ²	Workable deck space:	Approximately 700 m ²
Safe working load of crane:	300 tonnes at 16-metre radius	Safe working load of crane:	N/A
DP/Mooring System:	8-point mooring	DP/Mooring System:	DP2
Fuel capacity:	2,100 m ³	Fuel capacity:	940 m ³
VSAT internet connectivity:	C-Band, up to 20Mbps	VSAT internet connectivity:	KU-Band, up to 5Mbps
Other additional features:	• Helideck	Other additional features:	• Moonpool

6. INFORMATION ON OUR GROUP (Cont'd)

IMS Aman	
	
Class:	BV
Year first delivered:	2009
Year delivered to our Group:	2024
Overall length:	75.0 metres
Gross weight:	3,349 tonnes
Breadth moulded:	20.0 metres
Capacity:	198 persons-on-board comprising offshore personnel and crew members
Number of accommodation rooms:	57 rooms
Engine:	2 x 2,575 BHP Diesel engine
Workable deck space:	Approximately 600 m ²
Safe working load of crane:	40 tonnes at 12-metre radius
DP/Mooring System:	DP2 ⁽¹⁾ and 4-point mooring
Fuel capacity:	450 m ³
VSAT internet connectivity:	C-Band, up to 8Mbps
Other additional features:	N/A

Notes:

- (1) Currently operating as a 4-point mooring vessel. While it is equipped with DP2 system, however such system needs to be rectified at an estimated cost of RM2.0 million. The estimated cost is provided by the equipment supplier and engineering contractor which will undertake the rectification work. Such cost will be borne by us and is expected to be incurred in the fourth quarter of 2024.
- (2) During 2023, we had streamlined the classification of these vessels to be the same as our existing vessels. The classification of these vessels was changed from BV/ABS to RINA and no approval is necessary as the changes were from one IACS member (i.e. BV, RINA and ABS) to another.
- (3) We intend to change the classification of Grace to RINA at a later date.

6. INFORMATION ON OUR GROUP (Cont'd)

6.6.4 Chartering of third party vessels and provision of related onboard services

Bareboat charter arrangements for Daya Indah Satu and Daya Ceria

In September 2022, Keyfield Resolute entered into a bareboat charter arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Indah Satu for a period of 1 year from 1 November 2022 until 31 October 2023, with an extension of 1 year at our Group's option, which has been exercised by us.

In May 2023, Keyfield Offshore entered into a bareboat charter arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Ceria for a period of 1 year from 18 July 2023 to 17 July 2024, with an extension of 1 year at our Group's option.

Daya Indah Satu and Daya Ceria are both DP2-equipped AHTS with accommodation capabilities of 50 personnel each. Similar to Kindness, these vessels will enable us to cater for projects that require less offshore personnel and also undertake projects such as anchor deployment, towing and re-stocking of supplies.

Under the above bareboat charter arrangement, we are responsible for the daily operations of the vessels during the bareboat charter period. These operations include:

- (i) Employment of marine and catering crew members;
- (ii) Repairs and maintenance of the vessels; and
- (iii) Insurance (both Hull and Machinery as well as Protection and Indemnity insurance).

Time charter arrangement for other third party vessels

In addition to operating our fleet of own vessels, we also charter third party vessels on a spot basis to fulfil demand from our customers.

In the past, we have been invited to tender and/or requested to quote for the chartering of vessels, and/or secure Chartering Contracts in cases where our own accommodation vessels were chartered out on another contract. In such cases, we optimise our revenue stream by participating in these tenders and/or responding to the quotations with third party vessels.

We are able to participate in the tender applications, submit our quotations and/or secure more Chartering Contracts than our own accommodation vessels can fulfil as we have:

- (i) Access to a network of vessel owners. By leveraging on our network, we have been able to access and source vessels that meet customers' requirements within the timeframe required and at favourable rates, allowing us to maintain our profitability; and
- (ii) The ability to source vessels that meet certain specifications and types, such as number of cabins and number of persons-on-board, maximum safe working load of cranes, workable deck space as well as DP2 or 4-point mooring system.

6. INFORMATION ON OUR GROUP (Cont'd)

Our network of third party vessel owners/disponent owners have continuously worked with us in the past largely because of the following reasons:

(a) We are able to secure Chartering Contracts

We specialise in the chartering of accommodation vessels and have thus concentrated our marketing efforts and resources on this market segment. Hence, we actively participate in many tender applications and requests for quotations, resulting in us securing many Chartering Contracts.

Further, we are:

- (i) a PETRONAS licence holder in respect of SWEC code 21121510S; and
- (ii) a panel contractor to PCSB and PACs.

The above allows us to be invited to participate in tenders relating to accommodation vessels issued by PCSB, PACs and oil and gas contractors, providing us with access to more opportunities than third party vessel owners that do not have the PETRONAS licence and/or LOA For Umbrella Contracts.

As such, in the event the third party accommodation vessel is not utilised for another Chartering Contract, the owners/disponent owners will opt to charter out their vessel through us to increase the utilisation of their vessel.

(b) We undertake the overall management, execution and delivery of the Chartering Contract

In all of our Chartering Contracts, we are responsible for the overall management, execution and delivery of the activities specified in the Chartering Contract which entails ensuring all accommodation vessels meets the customers' requirements; overseeing and managing all processes (from pre-hire inspection to demobilisation stages) to ensure that they are professionally carried out within the timeframe required by our customers; constantly communicating with both of our customer/charterer and third party vessel owner/disponent owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to; and managing and overseeing that all additional services and equipment are appropriately carried out by suppliers.

Types of arrangements with third party vessel owners/disponent owners

We have 3 types of arrangements with the owner/disponent owner of the vessels for each Chartering Contract:

- (i) The third party vessel owner/disponent owner provides the vessels on a bareboat charter basis. In these cases, our Group will then source, recruit and manage the required crew members to undertake all onboard services as well as source for additional services and equipment required by our customers (referred to as "Category 1");
- (ii) The third party vessel owner/disponent owner provides the vessels, and marine crew members, to undertake the operation and maintenance of the vessel and provide medical support services. In these cases, our Group will source and recruit catering and housekeeping crew members to undertake the catering, housekeeping and laundry services as well as additional services and equipment required by our customers (referred to as "Category 2"); and

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) The third party vessel owner/disponent owner provides the vessels, all crew members and all onboard related services. In these cases, our Group will ensure all of these crew members meet the customers' requirements, and source for additional services and equipment required by our customers (referred to as "Category 3").

There have also been instances where we:

- (a) Provide catering services for third party vessels; and
- (b) Ship management services for third party vessels.

Items (a) and (b) above are collectively referred to as "Other Categories".

In relation to the 3 arrangements listed above (i.e. Category 1, 2 and 3), the roles of our Group and the third party vessel owner/disponent owner is summarised in the table below:

Our Group's responsibilities

	Category 1	Category 2	Category 3
Overall management, execution and delivery of the activities specified in the Chartering Contract ⁽¹⁾	Yes	Yes	Yes
Providing marine crew members and ship management services ⁽²⁾	Yes	No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria	No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria
Providing catering and housekeeping crew members	Yes	Yes	No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria
Sourcing and management of additional services and equipment	Yes	Yes	Yes

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6. INFORMATION ON OUR GROUP (Cont'd)**Third party vessel owner/disponent owner's responsibilities:**

	Category 1	Category 2	Category 3
Overall management, execution and delivery of the activities specified in the Chartering Contract ⁽¹⁾	No	No	No
Providing a suitable accommodation vessel	Yes	Yes	Yes
Providing marine crew members and ship management services ⁽²⁾	No	Yes. However, the third party vessel owner may not fully meet all of the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications	Yes. However, the third party vessel owner may not fully meet all of the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications
Providing catering and housekeeping crew members	No	No	Yes. However, the third party vessel owner may not fully meet the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications. This may happen as we are more familiar with the requirements of the customers as we have served them before
Sourcing and management of additional services and equipment ⁽³⁾	No	No	No

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Overall management, execution and delivery of the activities specified in the Chartering Contracts include ensuring all vessels meets the customers' requirements; overseeing and managing all processes (from pre-hire inspection to demobilisation stages) to ensure that these are professionally carried out within the timeframe required by our customers; constantly communicating with both our customer/ charterer and third party vessel owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to; and managing and overseeing that all services are appropriately carried out by suppliers such as BMS/TMS, anchor pattern drawing services and mooring analysis.
- (2) Ship management services involve the operation of the vessels; upkeep and maintenance of the vessels including arranging for intermediate survey and special survey, repairs and maintenance; and ensuring the vessels are sea-worthy and operating at optimal conditions by obtaining the certification and accreditation from a classification society and/or potential charterer.
- (3) Sourcing and management of additional services and equipment includes the sourcing of additional services and equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys, and ensuring the appropriate implementation and execution of these services and equipment.

Our Group's roles and responsibilities for all of the Chartering Contracts are as detailed below:

- **Management of vessels from pre-hire and on-hire to demobilisation stage**

From the time a Chartering Contract is secured, the entire Chartering Contract involves a full set of processes which begins from pre-hire inspection, to the on-hire, anchor deployment, securing, gangway installation, operation and demobilisation of vessels. We oversee and manage all of these processes to ensure that these are professionally carried out within the timeframe required by our customers. We also are in constant communication with both our customer/ charterer and third party vessel owner/disponent owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to. This includes managing and overseeing that all services carried out by suppliers such as BMS/TMS, anchor pattern drawing services and mooring analysis.

- **Catering, housekeeping and laundry services**

As an accommodation vessel is primarily a floatel that provides accommodation and various onboard amenities, onboard services such as catering, housekeeping and laundry services are key services offered on these vessels. As such, it is crucial that suitable catering and housekeeping crew members that have relevant experience, expertise and qualifications are recruited to undertake these services.

Our experience garnered since our commencement of chartering business enables us to source for the necessary catering and housekeeping crew members to allow us to efficiently and effectively deliver our services. In addition, we have an internal database of approximately 1,000 local crew members which can be recruited on a contractual basis. We thus have the capability to source, recruit and manage suitable catering and housekeeping crew members with relevant experience, expertise and qualifications to carry out the said services.

6. INFORMATION ON OUR GROUP (Cont'd)

It should be noted while the sourcing of catering and housekeeping crew members are undertaken by the respective owner/disponent owner for Category 3, we co-ordinate the recruitment of these crew members and are ultimately responsible to ensure that all these services are properly carried out. In the event the third party owners/disponent owners are unable to do so, we will have to source, recruit and manage suitable catering and housekeeping crew members with relevant experience, expertise and qualifications to carry out the said services.

In the majority of Chartering Contracts which were fulfilled by utilising third party vessels during the past FYEs, our Group sourced, recruited and managed catering and housekeeping crew members to provide catering, housekeeping and laundry services.

As the catering and housekeeping crew members were selected by us and managed by our campboss, we have more control over the quality of the services and meals provided to our customers. By being involved in these services, we are able to generate additional revenue stream;

- **Ensuring third party vessels, and marine crew members (which are tasked to operate and maintain these vessels and provide medical support services) meet our customers' requirements**

We are responsible for ensuring that for the third party vessels chartered out and marine crew members (which are tasked to operate and maintain these and provide medical support services) meet our customers' requirements as per the Chartering Contract. As our Group understands the requirements of the customer through our experience and expertise, we are able to inspect these vessels, marine crew members and/or any other crew members to ensure that they satisfy the customer's / charterer's pre-hire inspections.

The pre-hire inspection process is undertaken by the charterer's representative to ensure that these vessels and crew member proposed fits the criteria. The inspection requirements involve ensuring that the vessels and crew members comply with the pre-requisite inspections and the Chartering Contract specifications, obtained necessary certifications and verifications and has undergone relevant trials.

In the event the vessel or marine crew member provided by the third party vessel owner/disponent owner do not meet these requirements, we will work with the owner/disponent owner to source suitable marine crew members that have the relevant experience, expertise and qualifications. In some cases, we will also source for another suitable vessel.

Although it is common for third party owners/disponent owners to provide the ship management services as well as their own marine crew to undertake the operation and maintenance of the vessel and medical support services, we are able to provide these services and marine crew members in the event the owner/disponent owner do not have the capability.

- **Sourcing and management of additional services and equipment**

As and when required by our customers, we also provide additional services and equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis, riggers and air tuggers, provision of gangway and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys. We are also required to provide VSAT services at pre-specified internet connectivity speed.

6. INFORMATION ON OUR GROUP (Cont'd)

We typically source suppliers for all of these additional services and equipment to meet our customers' requirements in the Chartering Contract.

The revenue contribution from the above arrangements to our Group's total revenue are summarised below:

Period	Own vessel %	Third party accommodation vessels				Total %
		Category 1	Category 2	Category 3	Other Categories	
		%	%	%	%	
FYE 2020	26	5	41	28	-	100
FYE 2021	36	19	5	39	1	100
FYE 2022	64	12	6	18	-	100
FPE Sep 2023	68	6	9	17	-	100

Third party vessels chartered

During the past FYEs, FPE Sep 2023 and up to the LPD, we had chartered the following:

Vessel name	Category	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD	Third party vessel owner / disponent owner ⁽¹⁾
Permata Arau 1 (now known as Lestari) ⁽²⁾	3	✓	✓	✓	-	-	Permata Trans Offshore Sdn Bhd
Berkat Teguh	3	-	✓	✓	✓	-	Shapadu Marine Sdn Bhd / Dynamic Navigation Sdn Bhd
Armada Firman	2	✓	-	-	-	-	Bumi Armada Navigation Sdn Bhd
Daya Indah Satu	1	✓	-	✓	✓	✓	Zafran Engineering Services Sdn Bhd/ Sea Steel Sdn Bhd ⁽³⁾
Anis	3	✓	-	✓	✓	✓	Petra Resources Sdn Bhd
Petra Galaxy	3	-	✓	-	-	-	Petra Resources Sdn Bhd
OS One	3	-	✓	-	✓	✓	Lautan Semesta Sdn Bhd
Two Eastwind	3	-	✓	-	-	-	Two Marine Offshore Sdn Bhd
Compassion	1	-	⁽⁴⁾ ✓	⁽⁴⁾ ✓	-	-	Keyfield Resolute
Commander	1 & 2	⁽⁵⁾ ✓	⁽⁵⁾ ✓	N/A	-	-	Keyfield Resolute
Grace	1	-	⁽⁴⁾ ✓	⁽⁴⁾ ✓	-	-	Stratos Vessel

6. INFORMATION ON OUR GROUP (Cont'd)

Vessel name	Category	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD	Third party vessel owner / disponent owner⁽¹⁾
Helms 1	1	-	✓	✓	✓	-	POET/Sea Steel Sdn Bhd ⁽⁶⁾
Tegas Tara	3	-	-	✓	-	-	Allied Motion Sdn Bhd
Allianz Intrepid	2	-	-	✓	-	-	Allianz Middle East Ship Management LLC
Blooming Wisdom ⁽⁷⁾	2	-	-	✓	✓	-	Azulite Bloom Sdn Bhd
Alya	2	-	-	-	✓	✓	Petra Resources Sdn Bhd
Nadira	3	-	-	-	✓	✓	Renown Metro Sdn Bhd
Berkat Tenang	3	-	-	-	✓	-	Shapadu Marine Sdn Bhd
Kas Marine 1	3	-	-	-	✓	✓	Petra Resources Sdn Bhd
IMS Aman	3	-	⁽⁸⁾ ✓	-	✓	✓	Khas Jejaka Sdn Bhd
Daya Ceria	1	-	-	-	✓	✓	Sea Steel Sdn Bhd
Aulia	3	-	-	-	-	✓	Fun Success Limited

Notes:

- (1) Disponent owner is the person who hires a ship (or several ships) from the third party vessel owner on bareboat charter or on time charter basis.
- (2) Lestari was acquired by Keyfield Offshore in March 2023.
- (3) In FYE 2020, we bareboat chartered Daya Indah Satu from Zafran Engineering Services Sdn Bhd. In FYE 2022, we bareboat chartered Daya Indah Satu from Sea Steel Sdn Bhd.
- (4) We had bareboat chartered Compassion and Grace from their previous owners. We completed the acquisitions of Keyfield Resolute and Grace in February 2022, and with these acquisitions, Compassion and Grace are our own vessels.
- (5) We had chartered Commander from Bumi Armada Navigation Sdn Bhd, its then owner, in FYE 2020, under Category 2. Subsequently, we bareboat chartered Commander from Keyfield Resolute (then known as Lavin Vessel 1 Sdn Bhd), after its acquisition of Commander in July 2021. We completed the acquisition of Keyfield Resolute in February 2022, and with this acquisition, Commander is our own vessel.
- (6) From August 2021 until September 2022, we bareboat chartered Helms 1 from POET, its then owner. From September 2022 until April 2023, we bareboat chartered Helms 1 from Sea Steel Sdn Bhd, its then owner. We acquired Helms 1 in April 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

- (7) We had chartered Blooming Wisdom from Azulite Bloom Sdn Bhd, its then owner, in FYE 2022. We acquired Blooming Wisdom in April 2023.
- (8) We had chartered IMS Aman from its previous owner, Khas Jejaka Sdn Bhd, in FYE 2021, FYE 2023 and January 2024. IMS Aman was acquired by Keyfield Offshore in January 2024.

Notwithstanding the usage of third party vessels, in order to achieve a higher internal utilisation rate, our Group prioritises the chartering of our own vessels over that of third party vessels.

During the past 3 FYEs 2020 to 2022, FPE Sep 2023 and up to the LPD, we have entered the following bareboat charter agreements (under Category 1):

(i) Master agreement to regulate the bareboat charter of Lavin Vessel 1's accommodation vessels

- (a) The master agreement dated 20 August 2021 ("Master Agreement") between Keyfield Offshore, Lavin Vessel 1* and Lavin Group to regulate the relationship between the parties with regard to the exclusive bareboat charter of Lavin Vessel 1's accommodation vessels, namely Compassion and Commander for a duration of 18 months from the date of the Master Agreement with an option to extend for another 18 months or such other duration as the parties may agree.

Note:

- * As at the LPD, Lavin Vessel 1 had changed its name to Keyfield Resolute.

The DCR range between RM25,000 to RM30,000 per day for chartering period not exceeding 270 days in the year following the date of the Master Agreement and RM20,000 to RM25,000 per day for chartering period exceeding 270 days in the year following the date of the Master Agreement. The DCR of Lavin Vessel 1's accommodation vessels will only be paid to Lavin Vessel 1 in respect of days where either one or both Lavin Vessel 1's accommodation vessels are being chartered by Keyfield Offshore's customers.

During the bareboat charter period, Keyfield Offshore shall at its cost be solely responsible for the operations matters of Lavin Vessel 1's accommodation vessels, including daily operations, crewing, insurance, regular or daily maintenance.

The Master Agreement further provides for the appointment of Keyfield Offshore as the ship manager for Lavin Vessel 1's accommodation vessels, and the granting of the first right of refusal to Keyfield Offshore or any member of the Keyfield Group to acquire either one or both of Lavin Vessel 1's accommodation vessels directly or through the acquisition of Lavin Vessel 1, subject to the approval of the shareholders of Keyfield Offshore and/or any other authority and/or any regulatory guidelines and legislation, if applicable.

6. INFORMATION ON OUR GROUP *(Cont'd)*

(b) Pursuant to the Master Agreement:

(aa) Lavin Vessel 1 and Keyfield Offshore entered into a Bareboat Charter Party Agreement dated 20 August 2021 ("Keyfield Compassion CPA") for the charter of Compassion by Lavin Vessel 1 to Keyfield Offshore; and

(bb) Lavin Vessel 1 and Keyfield Offshore entered into a Bareboat Charter Party Agreement dated 20 August 2021 ("Armada Firman 2 CPA") for the charter of Commander by Lavin Vessel 1 to Keyfield Offshore.

The Master Agreement, Keyfield Compassion CPA and Armada Firman 2 CPA were mutually terminated by the parties on 18 February 2022 pursuant to our acquisition of Lavin Vessel 1.

(ii) **Bareboat charter agreement for Grace**

The bareboat charter agreement dated 11 August 2021 ("Keyfield Grace Bareboat Charter Agreement") with Keyfield Offshore and Stratos Vessel, whereby Stratos Vessel agreed to charter Grace to Keyfield Offshore on bareboat basis. Further, Stratos Vessel granted first right of refusal to Keyfield Offshore or any member of Keyfield Offshore's group of companies during the term and any extensions of the Keyfield Grace Bareboat Charter Agreement to acquire Grace. Keyfield was also appointed as a ship manager of Grace, whereby Keyfield Offshore shall at its costs and expenses be solely responsible for operational matters of Grace.

This Keyfield Grace Bareboat Charter Agreement was terminated on 18 February 2022 pursuant to Keyfield Serenity's acquisition of Grace.

(iii) **Agreements in relation to the bareboat charter of Helms 1**

The Bareboat Charter Agreement dated 11 June 2021 between POET and Keyfield Offshore whereby Keyfield Offshore chartered Helms 1 from POET for a charter period of 3 years. POET had also agreed to us renaming the vessel to Helms and we have been appointed as the ship manager for Helms 1.

In 15 September 2022, the above agreement was terminated as POET had disposed Helms 1.

In 15 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel Sdn Bhd whereby Keyfield Resolute bareboat chartered Helms 1 from Sea Steel Sdn Bhd for a charter period of 11 months, with an option to extend for another 12 months.

In 7 April 2023, the above agreement was terminated as Sea Steel Sdn Bhd had disposed Helms 1 to Keyfield Offshore.

(iv) **Agreement in relation to the bareboat charter of Daya Indah Satu**

The Bareboat Charter Agreement dated 21 September 2022 between Sea Steel Sdn Bhd and Keyfield Resolute whereby Keyfield Resolute chartered Daya Indah Satu from Sea Steel Sdn Bhd for a period of 1 year from 1 November 2022 onwards, with an extension of 1 year at our Group's option which has been exercised.

As at the LPD, this Bareboat Charter Agreement for Daya Indah Satu remains valid.

6. INFORMATION ON OUR GROUP (Cont'd)

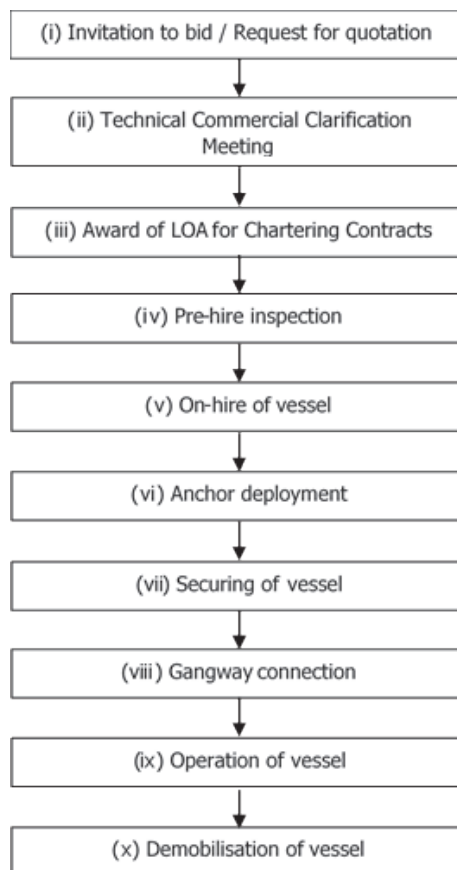
(v) Agreement in relation to the bareboat charter of Daya Ceria

The Bareboat Charter Agreement dated 17 May 2023 between Sea Steel Sdn Bhd and Keyfield Offshore whereby Keyfield Offshore bareboat chartered Daya Ceria from Sea Steel Sdn Bhd for a period of 1 year from 18 July 2023, with an extension of 1 year at our Group's option.

As at the LPD, this Bareboat Charter Agreement for Daya Ceria remains valid.

6.7 DESCRIPTION OF OUR BUSINESS

Our operational processes are as depicted below:



(i) Invitation to bid / Request for quotation

We may either receive an invitation to bid or request for quotation from PCSB, PACs, oil and gas contractors and offshore support vessel owners.

For both processes, the potential charterer will first undertake a market survey on suitable vessel owners, including our Group, on the availability, capability and pricing of vessels for a particular project. Depending on the scope of work, questionnaires will be sent to companies that are listed under a particular SWEC code.

6. INFORMATION ON OUR GROUP (Cont'd)

It is at this stage where we will submit our intention to participate and will propose a suitable vessel (our own or third party vessel) that meets the criteria set by the potential charterer. At this stage, the technical details of the vessel (and whether it is our own or third party vessel) that will be utilised for the Chartering Contract will be provided to the potential charterer.

If a third party vessel is used for the invitation to bid or request for quotation, we will have to obtain a letter of authorisation from the third party vessel owner/disponent owner beforehand.

If our proposed vessel is selected, we will either receive a tender invitation where we will submit a tender bid proposal that shall be prepared in accordance with the instructions provided, or asked by the potential charterers to provide a commercial and technical proposal.

The information requested at this stage typically consists of:

- (a) Technical specifications and scope of work (which will detail the vessel specifications, registration details, classifications and licences, facilities and amenities, information on major equipment and other additional onboard equipment as well as HSE requirements); and
- (b) Commercial terms (such as DCR, catering and laundry service fee and other fees based on number of offshore personnel, and other additional services such as BMS/TMS services and VSAT internet connectivity).

(ii) Technical commercial clarification meeting

A technical commercial clarification meeting between the potential charterer and us will take place to discuss and negotiate the technical and commercial terms of the submitted proposal. Matters such as catering services for offshore personnel, requirement for additional crew members and hiring of additional equipment such as life-saving equipment, will be discussed during the meeting. At the same time, we will also discuss and negotiate the scope of work with third party owners/disponent owners and/or other suppliers to ensure that we will be able to meet the potential charterers' specifications at the specified commercial terms.

(iii) Award of LOA for Chartering Contracts

When we have satisfied both technical and commercial clarifications put forth by the customer, a letter of award (LOA) will be issued to us, awarding the Chartering Contract to us. The LOA will specify salient commercial terms, work to be undertaken, duration and location of the Chartering Contract.

Prior to us accepting the LOA from the customer, we will first ensure the availability of the third party vessel by awarding a LOA to the third party owner/disponent owner. At this stage, should the third party vessel not be available, there will be no legal recourse action that will be taken towards the third party vessel nor will there be any legal recourse action taken towards us by our customer. Once the LOA with the third party owner/disponent owner is signed, we will accept the LOA from the customer.

6. INFORMATION ON OUR GROUP (Cont'd)

After we sign the charter party agreement with the customer, we will then sign the charter party agreement with the third party owner/disponent owner nearer to the commencement date of the Chartering Contract. The specifications and scope of work detailed in the charter party agreement with the third party owner/disponent will mirror the specifications and scope of works in the charter party agreement with the customer.

Leading up to the commencement date of the contract, a kick-off meeting between the charterer and our Technical and Operations team will be held to review and discuss the final scope of work to be undertaken and finalise all operational details in order to ensure a smooth operation. The kick-off meeting will look into matters such as on-hire dates, minimum number of offshore personnel onboard, number of meals and menu and other scope of works.

(iv) Pre-hire inspection

A pre-hire inspection will be undertaken by the charterer's representatives to ensure that the vessels we proposed is fit to undertake the respective operation and complies with the scope of works. Pre-hire inspection requirements encompasses the following:

- (a) Offshore Vessel Inspection Database (OVID) / Offshore Support Vessel Inspection System (OSVIS): Inspection will be conducted by an authorised party registered with Oil Companies International Marine Forum (OCIMF). It is crucial that the vessels comply with the inspection requirements as:
 - 1. It is a pre-requisite set by the customer;
 - 2. It ensures that all of the vessel's documentation and trading certificates are valid and crew members are fit to undertake vessel operations. In this respect, all crew members must pass the necessary medical examinations (by the Marine Department Malaysia and PACs) and have the necessary experience and qualifications, depending on the role and level of the crew member; and
 - 3. It ensures the competency of the vessel's crew members and that all procedures set are compliant with charterer's requirements. There are various criteria set out by potential charterers based on the role and level of the crew member. Among some of these criteria include the crew members passing the BOSIET course and marine crew members holding a valid COC qualification. Crew members must also have attended trainings approved by the charterers, as and when required.
- (b) Class certificates and Trading Certificates: Annual inspection by IACS (i.e. BV, RINA and ABS).
- (c) Machinery and Equipment Verification: Performed by the charterer's representative.
- (d) Marine Warranty Survey will be done by third party appointed by charterer, if required.
- (e) Sea Trial: To be done prior to the commencement of every Chartering Contract. A typical sea trial covers equipment testing, trial run, checking of the entire vessel's condition (i.e. seaworthiness) as well as crew member competency while at sea.

6. INFORMATION ON OUR GROUP (Cont'd)

- (f) Contract scope compliance: Performed by the charterer's representative to ensure that the vessel complies with the scope of work mentioned in the proposal.

The charterer's representative will then issue a pre-hire inspection report. Upon satisfying the abovementioned criterion, the said vessel will be recommended to be on-hire. Costs relating to the pre-hire inspection will be paid by the charterer.

As our Group understands the pre-hire inspection process, our Group will inspect all vessels, including our own and third party vessels as well as crew members (whether employed by our Group and/or third party vessel owners/disponent owners) to ensure that they meet all of the abovementioned criteria beforehand. In cases where there were insufficient crew members that did not meet the relevant specifications, or could not carry out tasks required by the customer/ charterer that were employed by the third party, our Group is responsible to source suitable crew members that meet the relevant experience, expertise and qualifications from our internal database of local crew members.

(v) On-hire of vessel

On the pre-agreed date, the vessel sets off to the location from the mobilisation area. The mobilisation area refers to the pre-agreed area where the vessel's on-hire will take place.

At this stage, a third party bunker survey is undertaken to conduct a sounding tank check for fuel oil and fresh water prior to the start of an operation. A sounding check is required to check the tank's capacity before bunkering takes place. A third party surveyor is appointed to undertake the sound check and will sign off the on-hire certificate, which will be validated by the charterer's site representative, third party surveyor and our representative. This signifies the commencement of the Chartering Contract. Thereafter, the on-hire certificate will be given to the Master of the vessel, and the original copy of the on-hire certificate will be kept onboard the vessel.

Once the vessel is on-hire and offshore personnel have boarded the vessel, a safety briefing is conducted by charterer's authorised personnel. The charterer is responsible for leading the pre-mobilisation meeting (supported by the safety officer onboard) to brief all offshore personnel on HSE matters to be aware of while they are onboard the vessel and during operation.

Once the briefing is done, the vessel will depart to the operation location with offshore personnel and cargo properly secured. The Master will sail to the location based on the ship passage plan reported to the charterer. During sailing, the Master will continually update the charterer on the location of the vessel every 6 hours.

Upon arrival at the location, the vessel is required to be on standby in the 500m zone and await further instruction to be given by the OIM, which is the person in charge of the respective offshore oil and gas platform in the location.

These processes are managed by our Group for both own and third party vessels.

(vi) Anchor deployment

In respect of accommodation vessels, before the vessel can approach the offshore oil and gas platform and commence work, the Master of the vessel will have to wait for further instruction from the OIM to initiate the anchor deployment.

6. INFORMATION ON OUR GROUP (Cont'd)

Anchor deployment refers to the deployment of anchor positions to position the vessel in close and safe proximity to the offshore oil and gas platform as per the approved anchor pattern drawing/ mooring analysis.

Marine Controller will conduct a meeting with the charterer's representative onboard and Master of the vessel to initiate the procedure and steps to deploy the anchors as per the anchor pattern drawing/mooring analysis.

The OIM and Marine Controller will then ensure that all requirements are complied with and external factors such as weather, permits the Chartering Contract to be undertaken.

Upon receipt of approval from the OIM, the anchors are deployed with the assistance of an AHTS. The anchor deployment job will have to be performed in accordance with the approved anchor pattern drawing/ mooring analysis.

(vii) Securing of vessel

Once the anchors have been deployed as per the approved anchor pattern drawing or mooring analysis, a pre-tension test is conducted to ensure that the vessel is in the required position. The position of the vessel and anchors are monitored by the BMS/TMS.

It is also crucial that the anchor points are in position as per the approved anchor pattern drawing or mooring analysis. Should the anchor not be in position (anchor might have shifted during the pre-tension test), the AHTS will re-deploy the anchor. Under this circumstance, a pre-tension test is conducted again until all results are satisfactory.

When the pre-tension tests return with satisfactory results, the vessel is then allowed to approach the platform and prepare for gangway installation.

(viii) Gangway connection

A gangway is a raised platform or walkway providing a passage for offshore personnel to commute between the vessel and the offshore platform. The presence of a gangway reduces the commuting time for the offshore personnel.

After the gangway connection procedure is approved, the gangway team will then prepare and undertake the gangway works where they will connect the gangway to the platform.

(ix) Operation of vessel

We are responsible for overseeing and managing the operational activities during the operation of the vessel. We maintain constant communication with both our customer/ charterer and/or third party vessel owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to.

(x) Demobilisation of vessel

Once the offshore oilfield activities required to be performed on the offshore oil and gas platform are completed, the vessel will be prepared for demobilisation.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.1 Our revenue model

(i) Chartering revenue

We earn revenue from chartering our own and third party vessels based on DCR which are determined on a tendered basis (based on invitation to bid from PCSB/PAC customers) or negotiated basis (based on request for quotation from non-PAC customers) and formalised through Chartering Contracts. Our revenue is recognised on a monthly basis, based on the invoiced value of services over time when the services are rendered to our customers, as well as based on the duration and rates as formalised between us and our customers via the Chartering Contracts being work orders issued by PCSB and/or PACs or, charter party agreements signed between us and oil and gas contractors. We do not enter into separate charter party agreements with PCSB and/or PACs for each of the work order issued by PCSB and/or PACS as our obligations together with the terms and conditions are set out in the corresponding Umbrella Contracts. Each work order issued by PCSB and/or PACs is to be read together with the corresponding Umbrella Contracts.

The DCR is fixed notwithstanding the number of persons-on-board the vessel. Our DCRs include the usage of the vessel as an accommodation, utility and/or maintenance vessel. It also includes services such as operation and maintenance of the vessel, housekeeping and medical support services, but excludes catering and laundry services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers. Typically, fuel costs for the vessels are borne by customers who charter these vessels.

Due to the nature of the industry, the charter period for our own and third party vessels typically range from 1 to 8 months. Some of these Chartering Contracts contain an extension clause, exercisable at the customers' option and subject to our agreement, to extend the charter term for a specified length of time.

We have also secured the following Chartering Contracts:

- (a) Chartering Contract of 1 year plus extension option of another year for Blooming Wisdom from a non-PAC customer; and
- (b) Chartering Contract of 3 years plus extension option of up to 2 years for Kindness from a non-PAC customer.

We also charge mobilisation and demobilisation fees for the vessels. Mobilisation fee refers to a one-off fee charged to the customer for bringing the vessel to the on-hire point of delivery specified by them, while demobilisation fee refers to a one-off fee charged to the customer for bringing the vessel to the off-hire point of redelivery specified. Mobilisation and demobilisation fees are recognised upon the actual mobilisation or demobilisation of the vessel.

(ii) Catering and laundry service revenue

Catering refers to the preparation and provision of F&B to the offshore personnel onboard the vessels. We are able to provide several meals a day as well as takeaway food services throughout the entire charter period.

6. INFORMATION ON OUR GROUP (Cont'd)

Catering revenue is dependent on the number of customers' offshore personnel that are onboard the vessel, which fluctuates daily. It may be subject to a minimum charge, depending on the arrangement with our customers.

Laundry service refers to the washing and drying of customers' offshore personnel's clothing. On certain occasions, we charge separate laundry fees based on the daily number of customers' offshore personnel onboard, while on other occasions, such service is packaged together with the catering service and one flat fee per person is charged.

Catering and laundry service revenue are recognised based on the number of passengers days served on the respective charter, multiplied by the agreed catering/laundry rate.

(iii) Other revenue from additional services

We also charge VSAT internet connectivity fee, based on a daily fixed rate, depending on the internet connectivity bandwidth required by the customer.

In addition, we charge for additional services and equipment provided to customers such as BMS/TMS, anchor pattern drawing, mooring analysis and rental of life-saving equipment such as life jackets and life rafts and additional mooring buoys. These fees are billed in the month when the services or equipment are rendered.

6.7.2 Dependency on our PETRONAS Licence and Umbrella Contract with PCSB

Our business is dependent on the following:

Dependency on the PETRONAS Licence

In order to be eligible to be a panel contractor and/or participate in tenders issued by PCSB, PACs and oil and gas contractors, we must have a valid PETRONAS licence issued by the PETRONAS and meet the SWEC requirements for the services that we render to our customers. Such requirements are stated in Section 6.13.

The percentage of our revenue which were contributed by the Chartering Contracts in the past FYEs and FPE Sep 2023 from PCSB, PACs as well as oil and gas contractors were collectively 96.2%, 93.4%, 98.2% and 93.0% of the total revenue in FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively.

Keyfield Offshore currently possesses PETRONAS licence with the following SWEC Codes:

	SWEC Code	Date first obtained	⁽¹⁾Expiry date
(i)	21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge	26 June 2018	25 June 2027
(ii)	21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat	28 December 2022	25 June 2027
(iii)	21121518S - The provision of Platform Supply Vessel (PSV)	16 November 2022	25 June 2027
(iv)	21121519S - The provision of Safety Standby/ General Purpose/ Utility Vessel	16 November 2022	25 June 2027

6. INFORMATION ON OUR GROUP (Cont'd)

The PETRONAS licence serves as a pre-requisite for Keyfield Offshore to be invited to be a panel contractor with PCSB and PACs, in respect of a specific SWEC code. It also allows us to be invited to bid for projects by oil and gas contractors. We are dependent on the PETRONAS licence due to this pre-requisite requirement. Without the PETRONAS licence, we would not be able to generate any revenue from PCSB and PACs and we would not be able to be invited to bid for projects by oil and gas contractors.

Additional details on the PETRONAS licence is set out in Section 6.13 which, includes, inter alia, the salient terms of the PETRONAS licence as follows:

- (i) Keyfield Offshore is required to register, obtain a licence, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in company's operation and activities;
- (ii) The licence is not transferrable to any company/other party;
- (iii) The licence will be revoked if Keyfield Offshore is found to be in process of liquidation, winding up or dissolution;
- (iv) Keyfield Offshore shall inform PETRONAS of any changes related to Keyfield Offshore's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of the licence; and
- (v) According to Regulation 9 of the Petroleum Regulations 1974, a person who initiate or continue any business or continue providing services as mentioned in Regulation 3 without a licence or do not comply with any condition of the licence is committing a crime and can be fined not exceeding RM50,000.00 or imprisonment for a period not more than 2 years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 for every 1 day or any part of 1 day which the offense continues after the first conviction is recorded.

Dependency on the Umbrella Contract with PCSB

In April 2019, PCSB awarded a LOA For Umbrella Contract to Keyfield Offshore in respect of SWEC code 21121510S (as Keyfield Offshore only had one SWEC code at that particular point in time) and was subsequently followed by the Umbrella Contract with PCSB dated 1 October 2020. The Umbrella Contract awarded by PCSB supersedes the LOA For Umbrella Contract.

Our current The Umbrella Contract does not cover the additional 3 SWEC codes which we obtained in 2022. As such we have not been invited to bid for projects from PCSB and PACs under these 3 SWEC codes.

Other than Keyfield Offshore, neither Keyfield, any of our subsidiaries or associated company hold a valid PETRONAS licence or Umbrella Contract with PCSB or PACs.

The LOA For Umbrella Contract sets out the broad terms of the Umbrella Contract and upon such award, Keyfield Offshore is appointed as a panel contractor to the awarder. Meanwhile, an Umbrella Contract is a formal contract which sets out the detailed terms and conditions of such appointment. Prior to the execution of the Umbrella Contract, the LOA For Umbrella Contract is a binding contract by itself. The executed Umbrella Contract will supersede LOA For Umbrella Contract.

Subsequent to April 2019, Keyfield Offshore was also appointed as panel contractor to various PACs after receiving LOAs For Umbrella Contracts from the respective PACs.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we have 15 LOAs For Umbrella Contracts or Umbrella Contracts. For the past 3 FYEs, we have entered into Chartering Contracts with PCSB and 4 PACs, which we earned revenue from.

We are dependent on the Umbrella Contract with PCSB as PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 contributing between 27.9% to 57.7% of our Group's revenue. Without the Umbrella Contract with PCSB, we would not be able to generate any revenue from PCSB. Kindly refer to Section 8.1.1 on risks relating to on our dependency on the Umbrella Contract with PCSB.

The salient terms of our Umbrella Contract with PCSB are as follows:

Contract Duration	The duration of the Umbrella Contract is 3 years plus unilateral extension by PCSB for 2 years, commencing from the date of the LOA for Umbrella Contract;
Work Order	The Umbrella Contract does not constitute or imply a commitment by PCSB to obtain any services from Keyfield Offshore. Any commitment for any services shall be made through the issuance of work orders by PCSB; The work orders may be unilaterally amended, suspended or terminated by PCSB but not vice versa;
Guarantee	PCSB reserves the right to request Keyfield Offshore to provide a bank and/or performance guarantee ⁽¹⁾ for the due performance of Keyfield Offshore of its obligations under the respective work orders;
Insurance	Keyfield Offshore shall at its own cost and expense carry and maintain various types of insurance which is satisfactory and acceptable to PCSB in connection with the performance of the Umbrella Contract and any services thereunder;
Terms of Employment	Vessel It is a condition of the Umbrella Contract that at the date of delivery of the vessel under the Umbrella Contract and throughout the duration of the Umbrella Contract that: (a) Keyfield Offshore is the beneficial and/or legal owner of the vessel and has all rights to let the vessel to PCSB; (b) The vessel is in compliance with the requirements of its flag state, the classification society and regulatory authorities and holds all required and valid certificates; and (c) The minimum requirements of the vessel technical specifications have been met and the vessel shall have the capability set by PCSB to perform the services;
Contractor's Obligation	The entire performance, operation, navigation, management and direction of the vessel and all of Keyfield Offshore's equipment, personnel shall be under the exclusive control and command of Keyfield Offshore;

6. INFORMATION ON OUR GROUP (Cont'd)

Keyfield Offshore shall diligently perform all services in accordance with all requirements of the Umbrella Contract, including:

- (a) Comply at all times with its own Health Safety and Environment (HSE) requirements;
- (b) Provide all suitably qualified and skilled personnel, equipment, machinery, materials, consumables and supplies, including additional items as required by PCSB;
- (c) Maintain and keep the vessel, including hull, machinery and equipment, in a thoroughly efficient and seaworthy state, in compliance with the technical specifications and the Umbrella Contract;
- (d) Immediately advise PCSB of any suspension of operations for any safety reasons;
- (e) Provide and pay for all provisions, wages, and all other charges pertaining to Keyfield Offshore's personnel, including halal meals and accommodation;
- (f) Ensure that all master list for crew be placed prominently and strategically so that the vessel personnel are aware of their duties for any emergency call-outs or incidents;
- (g) Keep onboard all relevant statutory certificates of the vessel;
- (h) Ensure that all its subcontractors maintain a valid Petronas licence, where applicable, and comply with all applicable laws; and
- (i) Obtain written approval from PCSB prior to making any publicity release, public statements or announcement regarding the Umbrella Contract or its performance of the services under the Umbrella Contract;

Default

In the event of default by Keyfield Offshore of all or any part of the services under the work order, or the Umbrella Contract, PCSB shall give notice of default⁽²⁾ to Keyfield Offshore, and if not remedied, PCSB may issue notice of termination in accordance with the provisions of the Umbrella Contract;

Unilateral Termination

PCSB shall have the unilateral right to terminate all or any part of the services under the work order, or the Umbrella Contract without further compensation to Keyfield Offshore and the vessel shall be deemed off-hire and redelivered to Keyfield Offshore; and

Dispute Resolution

All disputes arising by and construed with the Umbrella Contract shall be finally settled by arbitration in Kuala Lumpur.

Notes:

- ⁽¹⁾ As at the LPD, PCSB has not requested Keyfield Offshore to provide any bank and/or performance guarantee in respect of any work orders received.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) As at the LPD, Keyfield Offshore has not defaulted in any part of the services and received a notice of termination in respect of any work orders received.

The duration of our Umbrella Contract with PCSB is as follows:

- (i) Initial term of 3 years commencing on 26 April 2019, which was the effective date as stated in the Umbrella Contract with PCSB. Such initial term has since concluded on 25 April 2022.
- (ii) Extension term of 2 years upon the conclusion of the initial term for which we have been granted vide a letter from PCSB dated 18 April 2022. The Umbrella Contract with PCSB will expire on 25 April 2024 (date inclusive).

Panel Contractor Contract to replace Umbrella Contract

In April 2023, Keyfield Offshore received an invitation to bid from PCSB to tender for the Panel Contractor Contract (PCC) for Offshore Support Vessel (OSV) Services for Petroleum Arrangement Contractors (PACs) in respect of the SWEC Codes which we currently possess. Our PETRONAS licence is a pre-requisite for us to receive such invitation and to be awarded the LOA for the PCC. The PCC will replace the Umbrella Contract upon its expiry in April 2024. In May 2023, Keyfield Offshore has submitted the required proposal to PCSB in accordance with the terms and conditions of the bid and we are currently awaiting the outcome of the PCC tender as at the LPD. Similar to the Umbrella Contract, should Keyfield Offshore be successful in such tender, a Letter of Award will be issued to Keyfield Offshore for the appointment of Keyfield Offshore as a panel contractor to PCSB and the PACs in respect of the 4 SWEC codes below:

- (i) 21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge;
- (ii) 21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat;
- (iii) 21121518S - The provision of Platform Supply Vessel (PSV); and
- (iv) 21121519S - The provision of Safety Standby/General Purpose/Utility Vessel

The PCC will replace the existing Umbrella Contract in respect of SWEC code 21121510S upon the Umbrella Contract's expiry and will include additional 3 SWEC codes which we obtained in 2022.

The PCC with PCSB will replace the Umbrella Contract with PCSB, and thereafter we will enter into separate PCCs with the respective PACs. We do not foresee any potential operational or financial implications with the PCC replacing the Umbrella Contract as our vessels will continue to serve PCSB or PACs.

The appointment of Keyfield Offshore as a panel contractor arising from the PCC shall be for a period of 3 years, with an optional extension for another 3 years at the option of PCSB.

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6. INFORMATION ON OUR GROUP (Cont'd)**Mitigating factors for the above dependencies**

In the event that the PETRONAS licence and Umbrella Contract with PCSB is not renewed and we are unsuccessful in our bid for the PCC, we will lose PCSB as our customer. However, we will still be able to generate revenue via the following:

- (aa) Chartering of own vessels on a time charter basis to other Malaysian companies which possess the PETRONAS licence and/or holds a valid Panel Contractor Contract (PCC). Under such arrangement, we will continue to be the ship manager and catering service provider to the customers;
- (bb) Chartering of own vessels on a bareboat basis either to Malaysian or overseas customers;
- (cc) Chartering of own vessels to non-Malaysian customers within the oil and gas industry, as the vessels are mobile and are able to sail to such overseas locations. In the event that licences are required for it to operate in those countries, we may enter into arrangements with local players to meet such requirements, should the need arise; and
- (dd) Chartering of own vessels to Malaysian and non-Malaysian customers outside of the oil and gas industry. As the vessels primarily provide accommodation, they can also cater for other offshore industries which require offshore accommodation, such as for windfarm, cable laying and other industries which are carried out offshore.

For the FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, the revenue contribution from the above companies represented 3.8%, 6.6%, 1.8% and 7.0% of our Group's total revenue, respectively.

Nevertheless, there is no assurance that we will be able to secure replacement Chartering Contracts from these group of customers within a short span of time. Such event will have a material adverse impact on our business, financial condition, operations and prospects. Nevertheless, our daily charter rate (DCR) for vessels will not be affected as it is based on prevailing market rates and not dependent on whether it is chartered by PCSB/PACs or third party operators.

Nevertheless, we prefer to charter our vessels to PCSB and PACs due to the following:

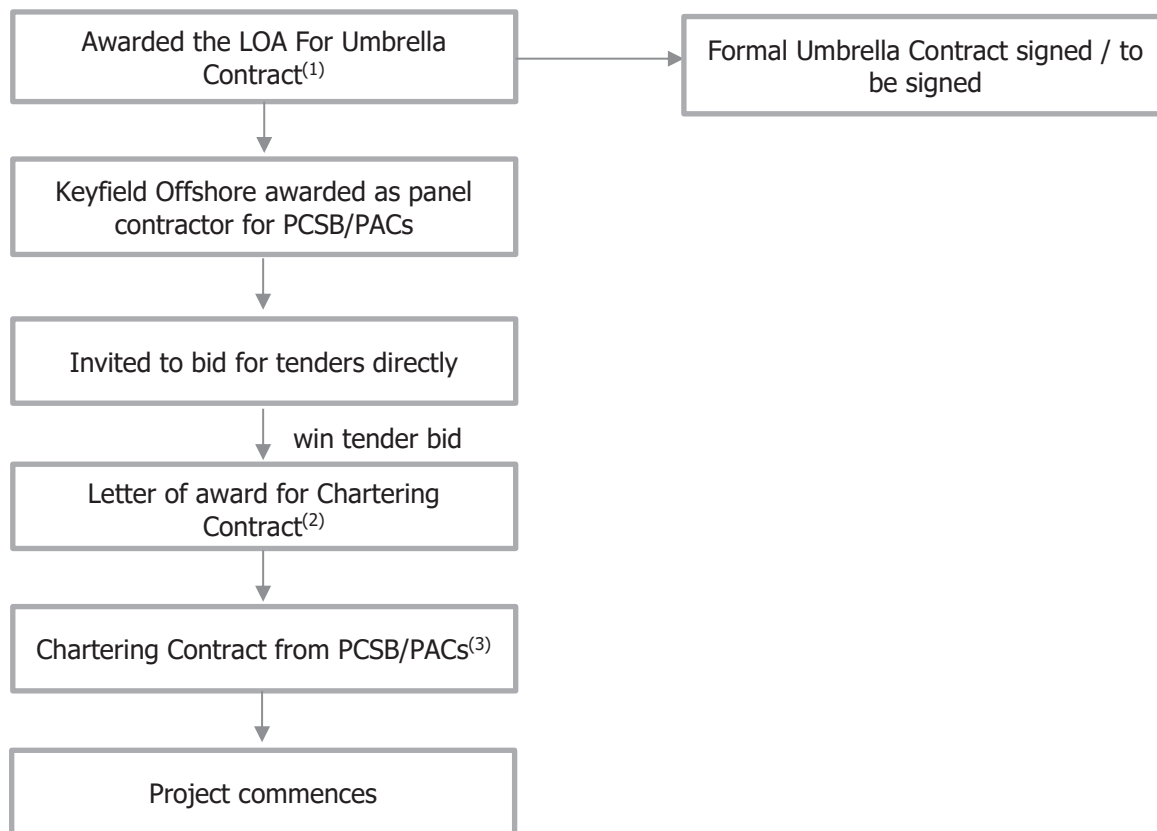
- (1) We have a competitive edge in the Malaysian market and customer segment, due to Malaysian cabotage laws as well as the requirement for PETRONAS licence and Umbrella Contract. This reduces the number of competitors in the market and customer segment;
- (2) We are familiar with the local requirements of local customers; and
- (3) We are able to deploy our vessels in a more timely manner to local customers, as opposed to the longer sailing time required for vessels to be deployed overseas.

Chartering Contracts

Upon successful bidding of the tender, a LOA for a Chartering Contract will be issued to us. Chartering Contracts refer to contracts, work orders, service orders for specific vessel chartering contracts which specify the rates and duration of the contract.

6. INFORMATION ON OUR GROUP (Cont'd)

The process flow of the LOA For Umbrella Contract, Umbrella Contract, and Chartering Contract is as follows:



Notes:

- (1) Prior to the execution of the Umbrella Contract, the LOA For Umbrella Contract is a binding contract by itself. There is no specific timeframe required to obtain the signed Umbrella Contract. Nonetheless, the execution of a formal Umbrella Contract is not required for PCSB and the PACs to invite us to participate in tenders.
- (2) The estimated timeline between an invitation to bid for tenders directly and letter of award for the Chartering Contract typically takes between 1 to 3 months.
- (3) In the event that the Umbrella Contract is terminated by the awarder, our vessels shall be deemed off-hire, terminated and redelivered to us. We are entitled to the charter rate for the part of services completed up to the effective date of termination. However, we have to reimburse the cost of the remaining fuel and chemical onboard which have been paid by PCSB and the PACs when our vessels are redelivered to the port.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.7.3 Key machinery and equipment**

As at FPE Sep 2023, the NBV of the vessels owned by our Group are set out below:

	Vessels	Month/Year of delivery to our Group	Country deployed	Age as at the LPD⁽¹⁾ (Years)	NBV as at 30 September 2023 (RM'000)
1.	LS1	March 2017	Malaysia	7	74,850
2.	LS2	September 2020	Malaysia	4	66,543
3.	Falcon	February 2021	Malaysia	7	52,335
4.	Compassion	February 2022	Malaysia	5	45,664
5.	Commander	February 2022	Malaysia	16	13,599
6.	Grace	February 2022	Malaysia	3	60,689
7.	Kindness	November 2021	Malaysia	3	18,748
8.	Lestari	March 2023	Malaysia	10	23,565
9.	Blooming Wisdom	April 2023	Malaysia	2	82,875
10.	Helms 1	April 2023	Malaysia	7	43,875
				Total	482,743
11.	IMS Aman	January 2024	Malaysia	15	⁽²⁾ 34,510 (as at LPD)
				Total	517,253

Notes:

⁽¹⁾ Age based on the year that the vessel was first delivered to its first owner.

⁽²⁾ Our Group acquired IMS Aman subsequent to FPE Sep 2023.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.7.4 Interruption to business and operations

Our Group has not experienced any interruptions that had significant effect on our operations during the past 3 FYEs and FPE Sep 2023, save for interruptions resulting from the COVID-19 pandemic.

(i) Impact of the COVID-19 pandemic on our business operations

Due to the COVID-19 pandemic, the Government had various MCOs (including conditional MCO and recovery MCO). Our Group serves the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining the necessary approvals, our Group had continued to operate during the MCO period, with adherence to the SOPs as set by the Government of Malaysia.

The various operational challenges which we faced includes:

- (a) Travel restrictions for our customers' offshore personnel and our crew members to offshore locations which delayed the chartering of our accommodation vessels, and quarantine requirement prior to signing on to our accommodation vessels; and
- (b) Delays in project implementation by our customers due to, among others, shutdown of production facilities which affected the timeline for them to mobilise the materials required for their projects.

Several localities in Labuan were placed under Enhanced MCO from 15 June 2021 onwards, resulting in the shutting down of berthing space in Asian Supply Base, Labuan ("ASB"). Under our Chartering Contract with our customer, our accommodation vessel is to be mobilised from ASB, where our customer's goods and materials are supposed to be on-loaded to our accommodation vessel prior to sailing to the offshore location. Due to this shutdown, our accommodation vessel was unable to be mobilised as per original arrangement with our customer, and subsequently delayed.

Further, the Sarawak Disaster Management Committee (SDMC) had ordered the closure of Sarawak's immigration offices from 29 May 2021 onwards, resulting in non-Sarawakians experiencing difficulties and delays to obtain the work permits to work. This also contributed to the delay in commencement of our Chartering Contracts.

Malaysia has entered into the endemic phase of COVID-19 since 1 April 2022, as announced by the Prime Minister of Malaysia, whereby all restrictions limiting our business has been uplifted.

Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.2 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include similar costs for which we were reimbursed by our customers.

From 1 March 2020 up to the LPD, we recorded 73 and 51 positive Covid-19 cases among our staff and crew members onboard our own accommodation vessels respectively. All of them has since recovered.

6. INFORMATION ON OUR GROUP (Cont'd)

Our Group's business operations have not been impacted by the COVID-19 pandemic since Malaysia has transitioned into the endemic phase of COVID-19 since 1 April 2022, as announced by the Prime Minister of Malaysia, whereby all restrictions limiting our business has been uplifted.

We did not face any cancellation or termination of our Chartering Contracts arising from the COVID-19 pandemic.

(ii) **Impact on our business cash flows, liquidity, financial position and financial performance**

We experienced delays in the commencement of certain Chartering Contracts (both with our own and third party accommodation vessels) that had been awarded to us during the MCO period. In the initial months of MCO (between 18 March 2020 and 4 May 2020), some of our Chartering Contracts were deferred. These delays resulted in a corresponding deferment in recognising revenue from the Chartering Contracts and a loss in number of days available for charter during the year. As a result, this led to a loss of 60 chartered days, translating to a loss of revenue of approximately RM5.0 million during FYE 2020. Nevertheless, we were able to deploy our accommodation vessels for other Chartering Contracts during the MCO period which minimised any adverse financial impact.

Overall, due to the delays in the commencement of Chartering Contracts and postponement of potential Chartering Contracts, our total number of chartered days declined from 1,157 days in 2019 to 976 days in 2020. As a result, our revenue declined from RM94.0 million in the FYE 2019 to RM75.2 million in the FYE 2020. The postponed Chartering Contracts were subsequently carried out between September to December 2020.

In FYE 2021, due to the delay in commencement of one of our Chartering Contracts as stated in 6.7.4(i), the Chartering Contract for Falcon was delayed by 25 days and due to such delay, our loss of revenue in the FYE 2021 was approximately RM2.5 million. During this time, we had also incurred additional cost of approximately RM0.5 million comprising crew members' salaries and marine gas oil costs. No penalties were imposed on our Group resulting from any COVID-19 induced delays.

Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.2 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include similar costs for which we were reimbursed by our customers.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets or receivables resulting from the COVID-19 pandemic.

Other than the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance resulting from the COVID-19 pandemic.

6. INFORMATION ON OUR GROUP (Cont'd)**6.7.5 Capacity and utilisation**

Our maximum operating capacity and utilisation rates for our own accommodation vessels are set out below:

	Maximum number of available charter days⁽¹⁾ (days)	Actual charter days per calendar year (days)	Utilisation rate⁽²⁾ (%)
FYE 2020 ⁽³⁾	350	⁽²⁾ 255	72.9
FYE 2021 ⁽⁴⁾	916	534	58.3
FYE 2022 ⁽⁵⁾	2,266	1,488	65.7
FPE Sep 2022	1,667	1,041	62.4
FPE Sep 2023	2,389	1,959	82.0

Notes:

(1) Maximum annual number of charter days is the number of operating days in a year which a vessel is available for charter, after deducting estimated downtime during annual inspection by the respective IACS and scheduled maintenance.

(2) Utilisation rate =
$$\frac{\text{Actual chartered days per year}}{350 \text{ days}^+}$$

+ being the maximum number of charter days, which is based on the number of operating days in a year, after deducting estimated downtime during annual inspection and routine repairs and maintenance of approximately 15 days.

(3) Our Group had only 1 own vessel in FYE 2020, i.e LS1.

(4) Our Group had 3 own vessels in FYE 2021, i.e LS1, LS2 and Falcon. The number of available charter days for LS2 and Falcon are calculated from 1 April 2021 and 16 March 2021 (being the dates available for charter) onwards respectively.

(5) Our Group had 7 own vessels in FYE 2022, i.e LS1, LS2, Falcon, Compassion, Grace, Commander and Kindness. The number of available charter days for Compassion, Grace and Commander are all calculated from 18 February 2022. Meanwhile, for Kindness, the number of available charter days are calculated from 11 April 2022 onwards (being the dates available for charter).

We recorded a decline in utilisation rate for our own accommodation vessels from FYE 2020 to FYE 2021 in line with the fall in chartering market size due to the COVID-19 pandemic between 2020 and 2021 (as set out in the IMR Report). Nevertheless, in line with the recovery of the chartering market size in Malaysia which grew by 43.7% between 2021 and 2022 (as set out in the IMR Report), we recorded an increase in utilisation rate for our own accommodation vessels during the period.

Our Group's operations are not limited by the operational capacity of our own vessels as we also charter out third party vessels. The operational capacity of third party vessels cannot be determined as it is scalable in accordance to the demand from our customers.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.6 Principal place of business

Our head office, where our corporate affairs, business development, finance and administrative functions are carried out, is located at Pavilion Embassy, Kuala Lumpur, Malaysia. Further details on our premise, which is rented, are elaborated in Section 6.17.2.

Meanwhile, our fleet of own vessels are deployed at multiple offshore locations depending on our customers' requirements. During the period when our vessels are not chartered, they are either anchored at the anchorage area or moored at various ports or jetties within Malaysia.

6.7.7 Insurance

We maintain marine related insurance coverage that are customary in this industry such as hull and machinery coverage, protection and indemnity coverage, mortgagee interest insurance for our accommodation vessels. These are insurances required by our Chartering Contracts, charter parties or financiers. Kindly refer to Section 8.1.12 for more details.

6.7.8 HSE

HSE management is an important requirement in the upstream oil and gas industry. We place strong emphasis on HSE management and adhere to safety management standards for vessels as well as prevention of pollution. In this respect, we adopt the following approaches and measures:

- (i) Undertaking safe practices on-board and providing a safe working environment for our crew members during operations;
- (ii) Establishing safeguards against all identified risks through continuing reviews, and implementation of corrective actions;
- (iii) Continuously provide training and guidance to crew members to improve HSE performance including preparing for emergency drills, practices and standards to prevent, identify, organise and control potential hazards in a proactive manner. This also includes safety and incident analysis, incident investigation, protective equipment and health controls. We have also clearly outlined the key responsibilities of our employees and crew members;
- (iv) Undertaking regular maintenance and inspection of our accommodation vessel as well as third party accommodation vessels under the bareboat chartering agreements for which we are the ship manager, including equipment onboard for safety measures; and
- (v) Proactively establish policies and operating procedures for safeguarding the environment against any hazardous materials onboard our accommodation vessel and third party accommodation vessels.

The Marine Department Malaysia will carry out an annual audit on our ship management system, including our HSE management and processes, to ensure that we adhere to the necessary requirements. As part of the Offshore Vessel Management and Self-Assessment ("OVMSA") requirement, PCSB and PACs will audit our HSE procedures to ensure that it complies with their requirements.

For the FYEs 2020 to 2022 and including FPE Sep 2023, we have achieved 2.72 million manhours with zero incidences of loss time injury (LTI), which is injury sustained by an employee/crew member which cause the respective employee/ crew member to be unable to perform their regular duties.

6. INFORMATION ON OUR GROUP (Cont'd)**6.7.9 Management succession planning**

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key management staff and at the same time, grooming our lower and middle management staff:

- (i) Career development, which is not just done through training but via a blended learning approach which include learning by doing, coaching and mentoring. We also practice cross functional taskforce, short term assignment and job rotation (where situation warrants), and by so doing, it would be able to identify its staff's strengths and talent, and channel these talents to the appropriate functions;
- (ii) Career progression, where our senior management/technical staff has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities after due assessments and reviews of our staff's ability, knowledge, skills, leadership and performance contribution;
- (iii) Competitive remuneration and benefits based upon annual staff performance review; and
- (iv) Implementing the ESOS pursuant to the Listing.

If the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

6.7.10 Corporate social responsibility ("CSR")

We are a firm believer of giving back to society and extending a helping hand to those in need. Over the past FYEs, we took part in various CSR initiatives. Some of the charity drives and events which we have participated in are as follows:

CSR initiatives	FYE	Beneficiaries
Construction of a basketball stand	2020	• Angels Children's Home
"Charity Drive 2020" to provide monetary aid	2020	• Rumah Victory Children and Youth Home • Rumah Charis • Angels Children's Home • Dual Blessing Bhd • En Yuan Old Folk Home • Lembaga Kebajikan Anak-Anak Yatim Negeri Sarawak • Sarawak Children's Cancer Society • Pertubuhan Kebajikan Rumah Anak-Anak Yatim & Miskin Al-Taqwa Baling
"Charity Drive 2021" to provide monetary aid	2021	• Angels Children's Home • Sarawak Children's Cancer Society • Hope Kitchen • Malaysia Independent Living Association for Disabled • En Yuan Old Folk Home

6. INFORMATION ON OUR GROUP (Cont'd)

CSR initiatives	FYE	Beneficiaries
Educational excursions for students, as follows: • Visit to Petrosains KLCC • Visit to Helms 1	2022	• Rumah Bakti Nur Syaheera • Netherlands Maritime University College
"Charity Drive 2022" to provide monetary and other forms of aid	2022	• Students from Netherlands Maritime University College • Orang asli villages, whereby we donated water filters as part of Program Kembara Ramadhan • Angels Children's Home • Amitabha Malaysia Old Folks Home • Lighthouse Children's Home • Kirtarsh Handicapped and Disabled Children's Home • Pertubuhan Masyarakat Kita Hulu Selangor • Rumah Victory Children and Youth Home • Various local orphanages, asnaf, madrasah, and tahfiz in Melaka, in conjunction with Hari Raya 2022
"Charity Drive 2023" to provide monetary and other forms of aid	2023	• Amitabha Old Folks Home • Angels Children's Home • Victory of Children & Youth Home • Flat Sri Kelantan • Pertubuhan Kebajikan Wang Emas Destini, Klang • Abu Hurairah Mosque • Netherlands Maritime University College • Rumah Kebajikan Anak Yatim Sungai Pinang Klang • Yayasan Kebajikan Anak-Anak Yatim Kelantan • Pertubuhan Kebajikan Amal Sirih • Persatuan Kebajikan Ti-Ratana • Surau Tanjung Kubong • Pertubuhan Rumah Anak Yatim Berkat Kasih (House of Love)
Buka puasa (breaking fast) with Asnaf	2023	• Pertubuhan Kebajikan Asnaf An-Naafi, KL • Pertubuhan Kebajikan Dan Ukhwah Terengganu • Rumah Anak Yatim Bakti Nur Ain, Bangi • Hafizatul Quran Anak Yatim, Kemaman • Pertubuhan Kebajikan Anak-Anak Yatim & Miskin Sungai Pinang, Klang • Taman Mutiara Sg Bedaun, Labuan • Rumah Kebajikan Anak Yatim Darul Najah, KL

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.11 Environmental, social and governance policies

We recognise the importance of protecting the environment, promoting positive impacts on the environment and the communities which we are part of, and maintaining good governance practices. As part of our commitment in these areas, we have adopted the following ESG practices, amongst others, as elaborated below.

Furthermore, our vessels and operations comply with the various regulations and standards as required by the various authorities, such as the Marine Department of Malaysia, as well as the classification societies by which our vessels are classified.

(i) Environment

As our vessels cater to the upstream oil and gas industry, we acknowledge that our operations may have an impact on the environment, and we are committed to minimising such impact through sustainable practices where applicable.

We are guided by the conventions, protocols, and regulatory framework under the International Maritime Organization (IMO). Under the IMO, the International Convention for the Prevention of Pollution from Ships (MARPOL) is an international convention which outlines a range of regulations to prevent pollution from ships, including rules on oil pollution, sewage, garbage disposal, and air pollution.

As at the LPD, save for Blooming Wisdom which is non-self-propelled and therefore the International Energy Efficiency Certificate does not apply to it, all of our vessels have the following valid certificates:

1. International Oil Pollution Prevention Certificate;
2. International Sewage Pollution Prevention Certificate;
3. International Air Pollution Prevention Certificate; and
4. International Energy Efficiency Certificate.

The International Oil Pollution Prevention Certificate, International Sewage Pollution Prevention Certificate and International Air Pollution Prevention Certificate have a validity period of up to 5 years from the date the respective certificates were issued. As at the LPD, the aforementioned certificates of our vessels have a remaining validity period of between 1 year and 4 years. Meanwhile, the International Energy Efficiency Certificate does not have any expiry date.

As at the LPD, we have not been fined for any pollution.

(a) Emission reduction plan

Our group recognises the importance of efficient usage of fuel and other consumables for our vessel operations. As such, we monitor such usage onboard all of our vessels on a daily basis to ensure that the standard consumption levels are adhered to. Where necessary, remedial action is taken to ensure adherence.

In the longer run, our Group intends to implement applicable methods to improve monitoring and reduce fuel consumption where possible, thereby reducing emissions into the environment.

6. INFORMATION ON OUR GROUP (Cont'd)

We plan to implement the following methods by the end of 2024:

- (aa) Real time monitoring of emissions by our vessels. We plan to run a pilot programme onboard a suitable vessel, having regard to the available equipment. If successful, we shall progressively roll out such programme on our other vessels.
- (bb) Undertake a feasibility study on the potential installation of solar panel system onboard Blooming Wisdom as a pilot programme. Such solar panel system will be capable of storing energy which can be used to generate electricity to power certain equipment onboard that particular vessel. If successful, we shall progressively roll out such programme on our other own vessels.

(b) Garbage management plan

We have also implemented a garbage management plan onboard all our vessels in accordance with Annex V of MARPOL. The garbage management plan serves as a guideline for the systematic approach and procedure for collecting, storing, processing, and disposing of garbage generated onboard our vessels.

(ii) Social

Our Group is committed to promoting social responsibility and contributing positively to the communities where we operate. We also recognise that our employees and crew members are key assets to our business operations and overall success, hence, we are dedicated to creating a safe and positive work environment to promote their physical and mental wellbeing.

We are dedicated to creating a conducive working environment for our crew members, in line with the Maritime Labour Convention (MLC) 2006, which provides for minimum requirements for working and living conditions for seafarers, including recruitment practices, conditions of employment, hours of work and rest, repatriation, annual leave, payment of wages, accommodation, health protection, occupational safety and health and medical care. As at the LPD, all of our vessels hold a valid Maritime Labour Certificate, certifying that our vessels are in compliance with the requirements of the MLC.

We have a Health, Safety and Environment (HSE) department which manages the HSE processes onboard our fleet by assessing risks, implementing action plans and measures as well as ensuring that such plans and measures are in accordance with the Group's HSE policies and local regulations. For the FYEs 2020 to 2022 and including FPE Sep 2023, we have achieved 2.72 million manhours with zero incidences of loss time injury (LTI), which is the injury sustained by an employee/crew member which causes the respective employee/ crew member to be unable to perform their regular duties.

We have implemented the following initiatives to foster a safe and positive work environment, and promote ongoing growth and development for our employees and crew members:

- (a) Courses, seminars and training programmes for our employees and crew members to support their development in their respective fields, a list of which is set out in Section 6.20.1;
- (b) Various social events and employee benefits to improve organisational performance, encourage engagement and strengthen unity amongst our employees such as:
 - (aa) Adoption of the new policies under the Malaysian Employment (Amendment) Act 2022;

6. INFORMATION ON OUR GROUP (Cont'd)

- (bb) Providing complimentary daily meals for crew members and 3 times a week for our office staff;
- (cc) Organising birthday and festive celebrations;
- (dd) Organising team building activities and company trip;
- (ee) Arranging onboarding programme for new-joiners; and
- (ff) Arranging vessel visits for our office staff, enabling them to gain some insight into the vessel operations and the daily work life of our crew members;

Our Group is committed to creating a work environment where mutual respect is practised across the entire organisation. We embrace diversity and practice equal employment opportunities with regard to gender, age, ethnicity, religion, marital status, amongst others.

(iii) Governance

We are committed to ensuring the safety of our crew members, passengers, and the environment where our vessels operate. As such, we have established a Safety Management System (SMS) in accordance with the International Safety Management (ISM) code and have implemented it across our vessels. Our SMS outlines the policies, procedures, and practices for identifying and mitigating risks associated with vessel operations. As such, we have put in place the following policies onboard our vessels:

1. Personal Protective Equipment Policy;
2. Smoking Policy;
3. Stop Work Policy;
4. Drug and Alcohol Policy;
5. Health, Safety and Environmental Policy; and
6. Security Policy.

Our Group understands that maintaining the relevant governance practices is imperative to safeguard the interests of and build trust with our investors and stakeholders. We take cognisance of the guidelines under the Malaysian Code on Corporate Governance (MCCG) and we have implemented policies and procedures to ensure transparency, accountability, sustainability and ethical behaviour in accordance with the principles and practices as set out in the MCCG.

In our efforts to uphold good corporate governance, we have put in place the following group policies:

1. Code of Conduct and Business Ethics Policy;
2. Anti-Bribery and Corruption Policy;
3. Whistleblowing Policy;
4. Directors' Fit and Proper Policy;
5. Anti-Money Laundering Policy; and
6. Personal Data Protection Act Policy.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.8 COMPETITIVE STRENGTHS

6.8.1 We are PETRONAS licenced, awarded LOAs For Umbrella Contracts and our vessels are Malaysian-owned and flagged

As a Malaysian owner and operator of vessels, we are well-positioned to leverage on PETRONAS licence as well as Malaysian cabotage policies in bidding and winning Chartering Contracts. We were also awarded LOAs For Umbrella Contracts and Umbrella Contracts by PCSB and PACs in respect of SWEC code 21121510S.

As at the LPD, we have been awarded LOAs For Umbrella Contracts and Umbrella Contracts with PCSB and various PACs. This allows us to participate directly in all tender calls and quotation requests issued by PCSB and PACs for chartering of accommodation vessels. Companies are required to be PETRONAS licenced and awarded LOA For Umbrella Contract in order to directly participate in tender calls and quotation requests issued by PCSB and PACs. This also serves as a barrier to entry for potential new entrants in Malaysia.

The percentage of our revenue which were contributed by the Chartering Contracts from PCSB and PACs were 32.0%, 36.9%, 44.7% and 67.5% of the total revenue in FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively, with the balance of the revenue earned from Chartering Contracts secured via negotiated basis (i.e. non-PAC customers).

Further, we also benefit from cabotage policies which are meant to give preference to Malaysian-owned vessels as we own 11 Malaysian-flagged accommodation vessels. Our accommodation vessels have a Certificate of Malaysian Registry. Cabotage policies in Malaysia gives us an advantage in Malaysia over foreign competitors or foreign-flagged vessels. The operation of vessels in Malaysian waters is governed by the MSO. The MSO serves to reserve the national trade in domestic waters for Malaysian owned companies and Malaysian-flagged vessels, explicitly prohibiting non-Malaysian vessels from engaging in domestic shipping activities.

The above provides us with an advantage over foreign competitors and non-PETRONAS licenced Malaysian vessel owners and/or operators.

6.8.2 We specialise in offshore accommodation

According to the IMR Report, there are 14 industry players, including our Group, involved in the chartering of Malaysian-flagged vessels registered with the Marine Department Malaysia. Many of these industry players are also involved in the chartering of other types of offshore support vessels and other business activities. Our Group is among the 5 industry players out of these 14 industry players that specialises in the chartering of vessels. Other than our Group, these industry players include Ajang Shipping Sdn Bhd, Michlyn Express Offshore (L) Berhad, PJZ Marine Services Sdn Bhd and Pristine Offshore Sdn Bhd. As stated in Section 6.6, as at the LPD, the available accommodation capacity of our own accommodation vessels is 2,134 persons, which can be utilised by the passengers of our charterers as well as our own crew members.

As our Group specialises in offshore accommodation, we are less susceptible to the cyclical nature of the oil and gas industry, as compared to offshore support vessel owners/operators of vessels that serve only specific offshore oilfield stages. This is because:

- (i) Offshore accommodation is required throughout the entire project lifecycle of an offshore oilfield project, from exploration and appraisal of new oilfield sites; hook-ups, commissioning, operation, topside operation and maintenance and coil tubing, to decommissioning of offshore oil and gas platforms.

6. INFORMATION ON OUR GROUP (Cont'd)

As the majority of our accommodation vessels are catered towards maintenance activities, we are less susceptible to the cyclical nature of the oil and gas industry such as lower investments in exploration and appraisal activities for new oilfield site due to price fluctuations in global oil prices;

- (ii) Demand for offshore accommodation from the higher number of existing active offshore oil and gas platforms (over 451 as at December 2022) relative to the number of AWBs which provide offshore accommodation in Malaysia (47 as at 2022) indicates a potential for growth for the accommodation vessel charter market. Although 1 vessel may provide accommodation for offshore personnel working on several offshore oil and gas platforms situated adjacent to one another, there are still significantly less accommodation vessels as compared to the total number of offshore oil and gas platforms; and
- (iii) Active offshore oil and gas platforms require constant maintenance, repair and upgrade works to maintain its optimal operational efficiency and productivity. More manpower is typically required during this stage and the lodging facilities typically are not able to accommodate all offshore personnel at this time. As such, offshore accommodation vessels are required during these stages as well.

We had, in the past, witnessed financial growth despite a fall in oil and gas prices that resulted in a slowdown in exploration and production activities. Despite this slowdown, offshore oilfield activities were still carried out to maintain and operate offshore oil and gas platforms that were in production as well as decommissioning of offshore oil and gas platforms. As such, our revenue grew from RM75.2 million in FYE 2020 to RM236.2 million in FYE 2022 as there was still demand for our vessels to facilitate these services during the abovementioned slowdown.

Further, chartering of our vessels involves the offering of various related onboard services such as catering, housekeeping, laundry and medical support services. This allows us to earn from additional revenue streams by offering these services to our customers.

6.8.3 We own a fleet of vessels with different available accommodation capacities and features, thus allowing us to cater for demand for different segments of offshore accommodation

As at the LPD, we own 11 accommodation vessels, of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. We are thus able to cater to different segments of offshore accommodation because:

- (i) We have vessels of different accommodation capacities;
- (ii) Our own vessels are equipped with different mooring systems, i.e 4-point/8-point mooring system and DP1/DP2 system; and
- (iii) We have self-propelled vessels and a non-self propelled vessel to cater to projects which require up to 500 personnel.

The vessels which we have acquired have varying accommodation capacities which enable us to meet the growing demand for offshore accommodation across different market segments. We are confident that our relatively modern and well-maintained fleet of vessels will provide a comfortable and safe offshore accommodation experience for the offshore personnel.

6. INFORMATION ON OUR GROUP (Cont'd)

With our own vessels, we can serve the following segments:

Vessel size segment	Vessel Name	⁽¹⁾Available accommodation capacity
Smaller sized vessels	Kindness and Helms 1	48-50
Medium sized vessels	LS1, LS2, Lestari, Falcon, Compassion, Commander, Grace and IMS Aman	150-208
Larger sized vessel	Blooming Wisdom	500

Note:

- (1) Such available capacity can be utilised by both the passengers of our charterers as well as our own crew members.

Meanwhile, our own vessels are equipped with the following DP and/or mooring systems:

- (i) LS1, LS2 and Lestari are equipped with a 4-point mooring system;
- (ii) Blooming Wisdom is equipped with an 8-point mooring system;
- (iii) Kindness is equipped with a DP1 system;
- (iv) Falcon, Grace, Compassion, Commander and IMS Aman* are equipped with both 4-point mooring and DP2 systems; and
- (v) Helms 1 is equipped with a DP2 system.

Note:

- * Currently, IMS Aman is operating as a 4-point mooring vessel as its DP2 system needs to be rectified. Such rectification is expected to cost RM2.0 million as provided by the equipment supplier and engineering contractor which will undertake the rectification work and will be undertaken in the fourth quarter of 2024.

The key characteristics of the respective systems are as follows:

- 4-point mooring system: Uses anchors to secure the position of the accommodation vessels. 4-point mooring system is more suited for shallow waters and less harsh environments;
- 8-point mooring system: Uses anchors to secure the position of the accommodation barge;
- DP1 system: A computer-controlled system to automatically maintain its position by using its propellers and thrusters; and
- DP2 system: A computer-controlled system to automatically maintain its position by using its propellers and thrusters, and allows for redundancy in the event of a failure of its systems.

DP1 and DP2 systems allow vessels to operate in harsher deepwater environments. These systems require the vessel's machineries to run simultaneously to maintain its position within the specified location as per the DP plot.

6. INFORMATION ON OUR GROUP (Cont'd)

The ability to run different types of systems allows us to further expand our business and cater for oilfield projects in different locations, as our fleet is now able to operate in different sea environments, i.e.:

- (i) Shallow waters with no obstructions (such as oil and gas pipelines) where 4-point mooring system is more cost-effective; and
- (ii) Harsher deepwater environments with congested seabed.

6.8.4 We have relatively young and well-equipped accommodation vessels

As detailed in the IMR Report in Section 7, the industry average age for AWBs is 10 years old, whereas, the average age of our AWBs is 8 years old as at the LPD. As such, our own vessels are relatively younger than the industry average age in Malaysia.

Save for Blooming Wisdom, which is a non-self-propelled Barge, the rest of our accommodation vessels are self-propelled fitted with various engine sizes.

Most of our accommodation vessels have additional amenities which older accommodation vessels are not equipped with, such as:

- Modern accommodation and amenities;
- Cabins fitted with bathrooms and intercom telephones (of which some are equipped with Televisions and radio antenna sockets);
- Recreation centre and gymnasium;
- A mess room that can accommodate 50% of the maximum number of persons-on-board at a time;
- A conference room and offices; and
- VSAT internet connectivity (C-band / KU-band).

Our accommodation vessels are also equipped with the following:

- Main crane with a safe working load of between 30 tonnes and 80 tonnes at 10 to 25 metre radius except for Blooming Wisdom which has a safe working load of 300 tonnes at 16 metre radius. Helms and Kindness do not have any main crane;
- Large fuel tank capacity of between 496.2 m³ and 1,400 m³, allowing our vessels to remain operating at sea without replenishing their fuel and supplies (i.e. endurance) for a specific period of time;
- Fresh water generator and ultraviolet sanitisation;
- Fire and fixed gas detection systems;
- Water sprinkler systems,
- Intercommunication system;
- Tension and length meter monitoring system; and
- PMS and vessel tracking system.

All of these equipment are in compliance with the latest statutory and environmental requirements of classification societies.

Owning and operating a relatively young and well-equipped fleet of accommodation vessels provide us with the competitive advantage in securing Chartering Contracts and in attracting and retaining highly skilled marine crew members as the crew members prefer to work onboard of vessels with modern accommodation, facilities and amenities. In addition, younger vessels tend to have lower maintenance requirements. In addition, relatively young vessels generally have lower operating and maintenance costs, are more fuel efficient and less prone to breakdowns.

6. INFORMATION ON OUR GROUP (Cont'd)

Owing to that, we have been able to maintain the reliability and quality of our chartered vessels and related services. We have established our Group as a reliable vessel owner and operator, which allows us to retain our present pool of customers as well as attract new customers.

6.8.5 We have an experienced and dedicated management team

We are led by an experienced and dedicated management team. Our Group CEO, Darren Kee has played a key role in steering the growth and success of our Group. Prior to the chartering business, Darren Kee has built his experience in providing technical support and advisory services relating to shipbuilding for offshore support vessels. Meanwhile, our Group COO, Mohd Erwan, has at least 15 years of experience in project management, shipbuilding and repair of marine vessels. Their collective experience has enabled them to build a network in the industry comprising offshore support vessel owners and shipyards, as well as oil and gas contractors. Both of them have since garnered experience into our chartering business since our Group ventured into the business in 2016.

Our Group CEO's and Group COO's collective experience also allow them to promptly tend to any need for maintenance and/or repair. Through their network, they can source for spare parts within the required timeframe. This allows us to minimise downtime for our vessels.

Both Darren Kee and Mohd Erwan are supported by a dedicated management team who have a variety of experiences and have accumulated an average of more than 15 years of experience in their related fields. We have garnered substantial knowledge and expertise in all aspects of our operations, bringing together a team that have a range of on-the-ground knowledge.

The combination of our key management team's experience and expertise have been integral to our success, and will continue to be a key growth factor in our future development.

Further, our key management team also practices a flexible management approach, whereby we maintain a lean reporting structure. Our employees are thus empowered to execute their duties with authority, with guidelines and organisational directions put in place by our key management team. This enables us to react efficiently and quickly to both business threats and opportunities, while increasing the sense of responsibility amongst our employees.

6.8.6 We employ crew members with relevant experience and expertise on a contractual basis

We engage qualified, competent and experienced crew members who can operate our vessels as well as support our key management team in managing our operations for the following onboard services:

Services	Description
Catering services	Our catering and housekeeping crew members include a campboss (who is in charge of managing crew members responsible for catering), cooks and assistant cooks. These crew members are tasked to prepare and serve meals and F&B services for offshore personnel, as well as upkeep and clean the galley and mess room areas. We typically employ 1 catering crew member for every 10 person-on-board.
Laundry services	We have stewards amongst our catering and housekeeping crew members to clean, dry and press all linens, towels and apparel for offshore personnel.

6. INFORMATION ON OUR GROUP (Cont'd)

Services	Description
Housekeeping services	We have stewards amongst our catering and housekeeping crew members to upkeep and clean the cabins and facilities to provide offshore personnel with clean and comfortable accommodation.
Operation and maintenance of vessels	We have marine crew members (i.e. the Master, deck officers with different ranking as well as engine officers with different ranking) to manoeuvre the vessels and operate all equipment. We also have other supporting personnel which include a crane operator to lift equipment and goods between the workable deck space and offshore oil and gas platform. Our marine crew members (i.e. the deck officers with different ranking as well as engine officers with different ranking) will also maintain and ensure equipment and machines such as generators, motors, pumps and electrical panels are in optimal conditions.
Medical support services	Our marine crew members include medical assistant(s) onboard to provide medical support services in an adequately equipped hospital. We also have a quarantine room to isolate persons-on-board that have contracted infectious diseases.

Further, our Group also employs our crew members on a contract basis as and when there are available Chartering Contracts, instead of maintaining in-house crew. This allows us to meet our customers' demands without incurring significant fixed overhead costs. Nevertheless, our experience garnered since our commencement of chartering business in 2016 enables us to source for the necessary crew members to allow us to efficiently and effectively deliver our services. The recruitment of such contractual crew members is managed by our own operations team, to ensure that such recruited crew members have the requisite experience and for quality control. During on-hire, we typically employ between 25 and 35 crew members for our AWBs, which are medium sized vessels. For smaller sized vessels, we typically employ 15 and 21 crew members whereas for larger sized vessels, we typically employ 30 and 65 crew members. Meanwhile, during off-hire, when we berth our vessels at a shipyard or anchorage area, we typically employ between 8 and 10 crew members per vessel, regardless of the size of the vessel, as this is the domestic safe manning requirement as prescribed by Marine Department of Malaysia. Our internal crew database allows us to have the flexibility for crew rotation and to meet the criteria for crew members by our customers.

6.8.7 We have access to a network of vessel owners, allowing us to scale our operations in tandem with demand for vessels

While we charter our own vessels, we also charter third party vessels to maximise our revenue and to fulfil the demand of the customer. This model allows us to take on more Chartering Contracts without having to incur high capital expenditure in acquiring more vessels. It also allows us to scale down our operations and prioritise the chartering of our own vessels during periods when demand from customers is low.

Through our key management team's past experience in providing technical support and advisory services relating to shipbuilding and chartering using third party vessels, we have established a network of vessel owners. This allows us to access to third party vessels.

This scalable model, coupled with other competitive advantages highlighted in this section, has enabled us to remain profitable, even during challenging times.

6. INFORMATION ON OUR GROUP (Cont'd)**6.9 SEASONAL OR CYCLICAL EFFECTS**

Due to the adverse weather conditions in the South-China Sea, typically during the period from December to March, we generally record lower chartering activities during that period. During this time, our vessels might not be chartered out, or might be chartered out at lower DCR compared to other months. As a result, we generally record lower revenue and lower utilisation rate for our own accommodation vessels in the first quarter of our financial year.

6.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our types of supplies we utilised are as set out below:

Supplies	FYE 2020		FYE 2021		FYE 2022		FPE Sep 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Third party chartering and catering costs	40,766	82.6	55,986	65.7	46,006	38.2	56,930	40.7
Food and beverage provisions	461	0.9	2,755	3.2	6,491	5.4	14,257	10.2
Crew member salaries and out-of-pocket expenditure	3,945	8.0	12,142	14.3	26,891	22.3	27,295	19.5
Spare parts and consumables	2,141	4.3	10,979	12.9	30,324	25.2	22,460	16.0
VSAT services	1,711	3.5	563	0.7	4,278	3.6	8,468	6.0
Rental of project equipment/ Project expenses ⁽¹⁾	166	0.3	140	0.2	4,047	3.4	8,079	5.8
Berthing fees ⁽²⁾ /Logistic expenses	180	0.4	2,634	3.0	2,288	1.9	2,563	1.8
Total	49,370	100.0	85,199	100.0	120,325	100.0	140,052	100.0

Notes:

(1) These relate to equipment that is specifically rented for certain projects, such as air tuggers, spring buoys, rope ladders and additional life rafts which are separately charged to the customer i.e not included in the DCR.

(2) Berthing fees are fees charged for the berthing of a vessel at a port during off-hire.

6. INFORMATION ON OUR GROUP (Cont'd)

During the past FYEs and FPE Sep 2023, we have not faced any shortage or difficulty in obtaining the abovementioned supplies. The majority of the abovementioned supplies are sourced within Malaysia. With regard to third party vessels, we have established a network of vessel owners which allows us to be able to access and secure vessels that meet customers' requirements within the timeframe required and at suitable rates, allowing us to maintain our profitability. In addition, as at the LPD, we maintain our own internal database of approximately 1,000 local crew members which can be recruited on a contractual basis. This internal database allows us to have the flexibility for crew rotation and to meet criteria for crew members by customers. We do not share this database with third parties, including other companies involved in owning and/or chartering accommodation vessels.

6.11 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

The requirements for offshore support vessels in the upstream oil and gas industry are stringent. Vessel owners need to ensure that they comply with these requirements prior to tendering for Chartering Contracts. These requirements include:

- (i) The attainment of relevant class certifications and licences relating to the vessels such as the Offshore Vessel Inspection Database (OVID) Green status and Offshore Support Vessel Inspection System (OSVIS);
- (ii) Vessel age, equipment and facilities such as number of persons-on-board, workable deck space and crane capacity;
- (iii) Type of technologies used such as DP/Mooring systems;
- (iv) Compliance to HSE standards;
- (v) OVMSA system in place;
- (vi) Marine Warranty Surveys to be undertaken prior to commencement of Chartering Contract for selected charterers, where required; and
- (vii) For our own vessels which are above 15 years of age, such vessels will undergo a Condition Assessment Programme, where a technical evaluation of the physical condition and maintenance of a vessel is assessed so as to demonstrate the operational reliability of such vessels.

As Commander and IMS Aman have reached 15 years of age, these vessels will undergo a major refurbishments prior to being subject to the Condition Assessment Programme in FYE 2023 and FYE 2024. The refurbishment of Commander is estimated to cost approximately RM6.0 million while the refurbishment of IMS Aman is estimated to cost approximately RM6.5 million (inclusive of RM2.0 million for IMS Aman DP2 system rectification). Although the refurbishment is estimated to take approximately 60 days on an aggregate basis to complete, the refurbishment is not expected to adversely affect our business operations as Commander and IMS Aman will still be able to undertake Chartering Contracts. This is because:

- (a) Refurbishment works which requires the vessel to be berthed will be carried out on days that these vessels are not on-hire for any Chartering Contracts; and
- (b) Refurbishment works that are not disruptive to the vessel's operational activities will be performed while these vessels are on-hire.

6. INFORMATION ON OUR GROUP (Cont'd)

Our business development and marketing activities are focused on the following areas to sustain and grow our business:

(a) Maintaining PETRONAS licence and panel contractor status under LOAs For Umbrella Contracts

As at the LPD, we are licenced by PETRONAS and have been awarded the LOAs For Umbrella Contracts by PCSB and various PACs in respect of SWEC code 21121510S, which allows us to participate in all tender calls and quotation requests issued by PCSB and PACs for the chartering of accommodation vessels. Therefore, this status acts as a barrier to entry for potential new entrants.

We are therefore cognisant of the need to continuously maintain such licence and status, and to ensure strict adherence to any conditions imposed therein. In addition, as we are a service provider to PCSB and PACs, we need to ensure that our service levels consistently meet or exceed those expected by them.

(b) Maintaining business relationships with PCSB, PACs and oil and gas contractors

We actively assess industry requirements and keep abreast with the latest trends in the upstream oil and gas industry. We are in regular communication with existing oil and gas contractors which we have worked with, and potential oil and gas contractors which we intend to work with, to look into various areas involving chartering of vessels, and related services. As such, we are able to assess and capitalise on industry trends and opportunities. This allows us to anticipate future needs, enabling us to adapt and focus our marketing efforts accordingly.

Further, customer retention is an integral part of our marketing strategy with oil and gas contractors. Over the years, our ability to provide quality services has enabled us to secure recurring Chartering Contracts from oil and gas contractors.

6.12 INTELLECTUAL PROPERTIES / RESEARCH AND DEVELOPMENT**6.12.1 Intellectual properties**

Save for the trademark disclosed below, we have not registered any brand names, patents, industrial design or other intellectual property rights with the Intellectual Property Corporation of Malaysia:

No.	Trademark no. / Registered owner	Design/Mark	Class no.	Validity	Status
(i)	TM2020029058 / Keyfield Offshore		35, 39 and 43	3 December 2020 to 3 December 2030	Valid

6.12.2 Research and development

For the past FYEs, FPE Sep 2023 and up to LPD, we have not undertaken any research and development activity as it is not relevant to our business.

6. INFORMATION ON OUR GROUP (Cont'd)

6.13 LICENCES AND PERMITS

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD:

	Licencee / Issuing authority	Nature of approval or licences	Date of issue/ renewal - Date of expiry	Licence content / Material conditions imposed	Compliance status
1	Keyfield Offshore Surveyor General of Ships, Malaysia	DoC	1 September 2023 – 9 October 2028	Issued under the International Convention for the Safety of Life at Sea 1974 ("SOLAS 1974") to certify that the safety management system of Keyfield Offshore has been audited and complies with the requirements of the International Management Code for the Safe Operation of Ships and for Pollution Prevention ("ISM Code") ⁽¹⁾ . Subject to periodical verification.	Complied.
2	Keyfield Offshore PETRONAS	PETRONAS licence Vessel Owner-Operator licence to supply product/service to exploration and oil/gas companies in Malaysia for the following: 1. SWEC Code 21121510S – the provision of Accommodation Work/Construction Boat/Barge including personnel to accommodate work personnel and crew with a degree of comfort and safety, with deck space or materials work area and crane for Self-Propelled Accommodation Vessel/Floatel/Work Boat and Non-Propelled	5 January 2024 – 25 June 2027	Required to meet minimum 30% Bumiputera requirement at equity, board of directors, management and employee level ⁽²⁾ . Keyfield Offshore is required to register, obtain a licence, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in company's operation and activities. The licence is not transferrable to any company/other party. The licence will be revoked if Keyfield Offshore is found to be in process of liquidation, winding up or dissolution. Keyfield Offshore shall inform PETRONAS of any changes related to Keyfield Offshore's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of the licence.	Complied.

6. INFORMATION ON OUR GROUP (Cont'd)

Licencee / Issuing authority	Nature of approval or licences	Date of issue/ renewal - Date of expiry	Licence content / Material conditions imposed	Compliance status
	Accommodation/Construction/ Barge.		Keyfield Offshore should take immediate action to adhere to the special condition imposed as stated in the appendix of the PETRONAS licence certificate and to inform PETRONAS on the progress of the action.	
	2. SWEC Code 21121518S – the provision of PSV including personnel to transport liquid/bulk cargo, stores, materials and equipment, or to transport personnel and materials between platforms and drilling rigs.		Keyfield Offshore is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply any facility, fittings or equipment on its behalf without prior written consent from PETRONAS.	
	3. SWEC Code 21121511S – The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat including but not limited to personnel to supply oil rigs, transport liquid/bulk cargo, stores, materials and equipment, tow oil rigs to location, anchor oil rig and serve as an emergency rescue and recovery vessel (ERRV).		Keyfield Offshore shall allow PETRONAS representatives for inspection visit / site / company audit and review / copy of documents and interviewing employees and related parties.	
	4. SWEC Code 21121519S – the provision of Safety Standby Vessel including personnel at location or within field to provide assistance to emergency		The licence must be shown to PETRONAS' officers when it is required for inspection. The licence is only valid for services and supply of products as stated in the appendix of the PETRONAS licence certificate (i.e. in respect of SWEC 21121510S, SWEC 21121518S, SWEC 21121511S and SWEC 21121519S). Keyfield Offshore can be penalised if in PETRONAS' opinion, it has conducted one or more of the following: 1. Failed to execute the award job until completion. 2. Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others. 3. Received garnishee order. 4. Facing bankruptcy action.	

6. INFORMATION ON OUR GROUP (Cont'd)

Licencee / Issuing authority	Nature of approval or licences	Date of issue/ renewal - Date of expiry	Licence content / Material conditions imposed	Compliance status
	demobilization of offshore crew in the event of rig, platform, Mobile Offshore Drilling Unit (MODU), Offshore-Mobile Production Unit (MOPU) or offshore facilities being abandoned. General Purpose/Utility Vessel including personnel for transporting goods, personnel between platforms, standby boat and chaser boat.		- Cannot be traced through the last address. - Sub-contract work to another contractor without written permission from PETRONAS. - Reject any contract or tender awarded. - Entering or accepting contract or tender during the licence suspension period. - Provide false, inaccurate or misleading information. - Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying. - Engaged in any inappropriate activities with this Licence. According to Regulation 9 of the Petroleum Regulations 1974, a person who initiate or continue any business or continue providing services as mentioned in Regulation 3 without a licence or do not comply with any condition of the licence is committing a crime and can be fined not exceeding RM50,000.00 or imprisonment for a period not more than 2 years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 for every 1 day or any part of 1 day which the offense continues after the first conviction is recorded. The approval is not an agreement or guarantee that Keyfield Offshore will be called to participate in a tender or quotation of PETRONAS or its subsidiaries. Keyfield Offshore either by itself, through its employees, directors, agents or its employees are: - Not allow to use the logo of the PETRONAS' oil drop or the word 'PETRONAS' or use any mark, logo or words or wearing any typeface, font, which resembles the appearance or colour trademarks owned or used by PETRONAS or its subsidiaries ("the	

6. INFORMATION ON OUR GROUP (Cont'd)

Licencee / Issuing authority	Nature of approval or licences	Date of issue/ renewal - Date of expiry	Licence content / Material conditions imposed	Compliance status
			PETRONAS Trademarks") in any form whether in printing materials, websites or hand board; and 2. Not allow to perform any acts or in any way either directly or indirectly admits that it is a partner or have any connection/relationship with PETRONAS and/or its subsidiaries, Unless and except Keyfield Offshore is allowed to use the reference "Keyfield Offshore is licenced by PETRONAS No. Licence: 201301012999", under Act 3 of the Petroleum Development Act 1974. The licence may be revoked, suspended or blacklisted at any time if any conditions of PETRONAS licence and registration and any other conditions set in PETRONAS Licence and Registration General Guidelines are not fulfilled.	

Notes:

- (1) The DoC is issued under SOLAS 1974 to certify that the safety management system of Keyfield Offshore has been audited and complies with the requirements of the ISM Code. With the DoC issued to Keyfield Offshore, Keyfield Offshore is able to manage its vessels. The renewal of the DoC is subject to an audit on Keyfield Offshore's ship managing processes by the Surveyor General of Ships.
- (2) Under the SWEC list dated 29 August 2022 issued by PETRONAS, a licence holder is required to have a minimum of 30% Bumiputera equity. Pursuant to the General Guidelines of Licence and Registration Applications issued by PETRONAS on 11 August 2022, the licence holder is also required to have a minimum of 30% Bumiputera at its board of directors, management and employees.

As at the LPD, Keyfield Offshore has complied with the minimum of 30% Bumiputera requirement at equity, board of directors, management and employees. We will still comply with this requirement upon our Listing as Keyfield Offshore is wholly-owned by our Company and our Bumiputera shareholding will be 30.5% upon Listing.

We will renew all our licences as disclosed above prior to its expiry in accordance to the conditions imposed to the licences.

6. INFORMATION ON OUR GROUP (Cont'd)

6.14 CORE VALUES

- **R**espect
- **I**ntegrity
- **C**ontentment
- **H**umanity

In our commitment to excellence, our Group is guided by 4 fundamental values which form the roots of our corporate culture. We have adopted the "RICH" values as a guiding principle and recognise the importance of these set of values as significant elements to our success. We are committed to conducting our business in accordance with our core values, aiming to establish ourselves as a respected offshore accommodation provider. The "RICH" values are elaborated below:

- **Respect** – Self-respect, respect for team members, respect for our products and services as well as respect for others (customers and stakeholders). Respect is a value that is built upon and reinforced through our interactions internally and externally. By having respect for these four parameters, it establishes a solid foundation for communication and engagement between parties, strengthening our presence within the industry and expanding our network and strategic alliances;
- **Integrity** – Moral and ethical principles are inculcated to build trust between management, employees, customers and other stakeholders. Our Group practices transparency, honesty and fairness across all divisions. It compels us to exercise fair judgement when presented with hard decisions and tough choices in our day-to-day operations and business activities. The value of integrity is core to our Group as it embodies our principles within our business conduct;
- **Contentment** – Our Group views contentment as a binding value that ties together the state of mind and quality of our actions. We are able to achieve higher levels of satisfaction in our daily business conduct through contentment by setting a reasonable target. This value enables us to reflect as well as accept a higher degree of satisfaction in our day-to-day achievement which serves to harmonise our accomplishments in relation to our expectations; and
- **Humanity** – Generosity, discipline, patience, compassion, wisdom, perseverance, and mindfulness are integral to our daily business. We also recognise the importance of corporate social responsibility in our business practice and put priority in giving back to the society through our corporate social responsibility activities, details of which are available in Section 6.7.10.

6.15 QUALITY ASSURANCE AND TECHNOLOGY USED

6.15.1 Quality assurance

We have secured our DoC from the Surveyor General of Ships, Malaysia, indicating that we have been audited and certified to be compliant with the ISM Code.

In order to meet the requirements of charterer, we constantly ensure that our and third party vessels are sea-worthy and operating at optimal conditions. The vessels are considered sea-worthy as they are certified by IACS (such as BV, RINA and ABS). Further, the vessels have to obtain relevant accreditations (such as the OVID) Green status and OSVIS to meet the requirements of the charterers.

6. INFORMATION ON OUR GROUP (Cont'd)

In accordance with certain PACs' requirements, we have begun to implement an OVMSA, which allows us to assess, measure and improve our ship management systems. As part of the OVMSA requirement, the PAC will audit our procedures to ensure that it complies with their requirements.

6.15.2 Repair and maintenance of our own vessels and vessels we are bareboat chartering

We carry out regular periodic repair and maintenance activities, including replacement of the necessary parts, for our own vessels and vessels we are bareboat chartering. Our repair and maintenance activities include as follows:

- Utilising a PMS, which is a computer-based system which assists our crew members to carry out periodic preventive maintenance;
- Establishing an in-house maintenance team, which conducts audit and repair operations both at sea and when the vessels are at the port;
- Conducting an annual survey every year onboard each vessel. This entails annual checking aimed at establishing that the vessels have sufficiently met the conditions of class retainment as well as to check the operation of mechanisms, devices and installations to which requirements of the rules for the classifications are applied;
- Undertaking an intermediate survey, which is typically carried out by underwater survey, is held between the second and third-year. This includes checking of the hull structure (including the vessel's bottom), machineries, and equipment to ensure that they remain in good condition for operation; and
- Undertaking a special survey, which includes dry docking activities, is conducted once every 5 years for the renewal of the class certificate. It is aimed at establishing the technical condition of the vessels and to ensure that any design or technical modifications done to the vessel, if any, complies with the applicable rules of the relevant IACS (such as BV, RINA or ABS) in which the vessels are classed.

Special survey is a mandatory requirement for renewal of classification based on a 5-year cycle from the date of delivery of the vessels.

The loss of on-hire days resulting from annual maintenance and intermediate survey, which is typically carried out at the same time as the annual survey, is estimated to be approximately 15 days. The loss of on-hire days resulting from special survey / dry docking is estimated to be approximately 30 to 45 days.

The costs of repair and maintenance activities for our own vessels, which are included in our cost of sales under 'own vessels - vessel operation and maintenance costs' in Section 11.2.3.2, amounted to RM1.8 million in FYE 2020, RM4.1 million in FYE 2021, RM22.2 million in FYE 2022 and RM13.0 million in FPE Sep 2023.

For other third party vessels, we will ensure that they have the relevant certificates in place such as valid class certificate, certificate of registry and OVID before we decide to charter the third party vessels.

We will also undertake major refurbishments on accommodation vessels that have reached 15 years of age. As Commander and IMS Aman have reached 15 years of age, these vessels will undergo a major refurbishment in FYE 2023 and FYE 2024. The estimated costs of such refurbishments will be approximately RM6.0 million for Commander and RM6.5 million (inclusive of RM2.0 million for IMS Aman DP2 system rectification) for IMS Aman which will be capitalised as part of our property, plant and equipment, and will be funded by our internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

6.15.3 Crew competency during hiring process

We also ensure that the crew members meet the respective charterer's criteria, whether recruited by us or third party vessel owners/disponent owners. We ensure that all crew members have passed the necessary medical examinations (by the Marine Department Malaysia, PCSB and PACs) and BOSIET course. We will also ensure that marine crew members hold a valid COC qualification. As and when required, we will send our crew members for trainings approved by charterers to meet their criteria.

6.15.4 Internal audit

As required by the Marine Department Malaysia, we conduct an internal audit:

- (i) Onboard our vessels on an annual basis to audit our ship management system and related processes as well as crew competency; and
- (ii) To cross-audit our personnel in our management office across all departments to ensure that the job descriptions of each personnel are met.

6.15.5 Technology used

We utilise the following technologies in our accommodation vessels:

(i) DP system

Falcon, Compassion, Commander, Grace and Helms 1 are equipped with DP2 system while Kindness is equipped with DP1 system. DP system is a computer-controlled system to automatically maintain its position by using its propellers and thrusters. DP1 and DP2 systems automatically control the position and heading of a vessel, by using thrusters that are constantly active and balanced against environmental forces (such as wind, waves and current).

While IMS Aman is also equipped with a DP2 system, it is currently operating as a 4-point mooring vessel as its DP2 system needs to be rectified. Such rectification is expected to cost RM2.0 million as provided by the equipment supplier and engineering contractor which will undertake the rectification work and will be undertaken in the fourth quarter of 2024.

Position reference sensors, combined with wind sensors, motion sensors and gyro compasses provide information to the computer pertaining to the vessel's position and magnitude and direction of environmental forces affecting its position. This will also allow the vessel to operate in adverse weather conditions avoiding costly downtime to offshore oilfield operations. As such, our DP1 and DP2 equipped vessels can operate in harsher deepwater environments. Also, it can operate in congested seabeds that is difficult to deploy anchors.

(ii) Diesel-electric hybrid propulsion system

Falcon runs on a diesel-electric hybrid propulsion system. This system comprises a propulsion system which using a combination of diesel and electric. It consumes less fuel and emits less sulphur oxide and carbon dioxide into the environment, as compared to a diesel-powered engine and it is environmentally friendlier.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) VSAT and vessel tracking system

Our accommodation vessels are fitted with VSAT for the transmission and receipt of data, voice and video signals over the satellite communication network to enable internet connectivity and support our vessel tracking system to provide real time vessel positioning of the vessel. VSAT also provides iTalk facilities, which allows offshore personnel to call onshore.

(iv) Satellite television

Our vessels have satellite television facilities onboard in some rooms, recreational room and mess room. We have a satellite antenna dish installed on our vessels to enable the onboard broadcasting of satellite television.

(v) PMS

The PMS is a computer-based system which assists our staff to carry out periodic maintenance management. It is linked from ship to shore and is monitored by our shore-based management. The PMS is approved by members of IACS.

Our PMS allows for:

- Online recording of all maintenance tasks performed and document management;
- Defines and schedules necessary tasks based on machinery and equipment and age; and/or
- Centralised maintenance and equipment management.

Depending on the item, the equipment onboard the vessel will need to be maintained on either weekly, monthly, quarterly or annual basis. The PMS will alert the marine crew members when these equipment are due for such scheduled maintenance.

6.16 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries during the past 3 FYEs 2020 to 2022, FPE Sep 2023 and up to the date of this Prospectus:

Sale and Purchase Agreement for the purchase of office unit at Pavilion Embassy

- (i) The sale and purchase agreement dated 11 January 2018 between Pedoman Ikhtisas Sdn Bhd as the developer, Keyfield Offshore as purchaser and Lembaga Getah Malaysia as proprietor for the purchase of No. B-22-05, Type B4, Storey No. Level 22, Building No. Tower B in the stratified mixed commercial cum residential development provisionally known as "Pavilion Embassy – Corporate Suites" and forming part of the freehold land held under Master Title Geran 79666, Lot 20006 (formerly held under H.S.(D) 120448, PT No. 255) Seksyen 88A, Kuala Lumpur, for a total cash purchase consideration of RM2.2 million.

We had taken possession of this property on 22 July 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

Sale and Purchase Agreement for the disposal of Avantas Residensi

- (ii) The sale and purchase agreement dated 7 July 2020 between Keyfield Offshore and DF Link Sdn Bhd for the disposal by Keyfield Offshore of a commercial shop lot at G-03A, Avantas Residensi, 162, Jalan Klang Lama, 58000 Kuala Lumpur at a total cash consideration of RM2.5 million.

This sale and purchase agreement was completed on 12 August 2020.

Agreement in relation to Lavin Group subscribing shares in Keyfield Offshore

- (iii) The subscription agreement dated 29 July 2020 ("Lavin Subscription Agreement") between Keyfield Offshore and Lavin Group wherein Lavin Group agreed to subscribe for 14.75 million ordinary shares of Keyfield Offshore for a total subscription price of RM10.0 million in cash. Pursuant to Lavin Group becoming a shareholder of Keyfield Offshore, Lavin Group also agreed to furnish a shareholder's loan of USD12.8 million (equivalent to RM53.6 million) to Keyfield Offshore to finance the settlement of the shipbuilding cost of LS2 and to finance cost of mobilising LS2.

The Lavin Subscription Agreement was completed on 24 August 2020 and the shareholder's loan was fully disbursed on 21 August 2020 pursuant to a Promissory Note dated 21 August 2020.

Agreements pursuant to formation of our Group

- (iv) The sale and purchase agreement dated 22 December 2020 between our Company and Keyfield Offshore for the acquisition by our Company of:
- (a) 100,000 ordinary shares representing the entire equity interest in Keyfield Marine for a purchase consideration of RM1; and
 - (b) 1 ordinary share representing the entire equity interest in Keyfield Endeavour for a purchase consideration of RM1; and

whereby the purchase consideration for both acquisitions shall be satisfied by way of cash.

This sale and purchase agreement was completed on 22 December 2020.

- (v) The sale and purchase agreement dated 23 December 2020 between our Company, Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria for the acquisition by our Company of the entire share capital of Keyfield Offshore for the total purchase consideration of RM89,999,999.00, which was fully satisfied by the issuance of 179,999,998 new Shares to Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria.

This sale and purchase agreement was completed on 23 December 2020.

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6. INFORMATION ON OUR GROUP (*Cont'd*)

Agreements pursuant to capitalisation of shareholders' advances

- (vi) The novation agreement dated 19 August 2020 ("LS2 Novation Agreement") between WCL, Keyfield Marine and the LS Series Shipbuilders. WCL had pursuant to a Shipbuilding Contract dated 1 December 2015 ("LS2 Shipbuilding Contract") agreed to purchase LS2 from LS Series Shipbuilders for USD17.0 million (equivalent to RM70.9 million) and has paid USD3.83 million (equivalent to RM15.7 million) towards the shipbuilding cost of LS2. Pursuant to the said novation agreement, all rights, title, interests, benefits, obligations, duties and liabilities vested in WCL by under or pursuant to the LS2 Shipbuilding Contract was assigned, transferred and conveyed unto Keyfield Marine absolutely. As a result, the amount paid by WCL towards the shipbuilding cost of LS2 was also novated to Keyfield Marine and Keyfield Marine then owed WCL USD3.83 million.

This LS2 Novation Agreement was completed on 19 August 2020.

- (vii) The novation and capitalisation agreement dated 28 December 2020 between our Company, Darren Kee, WCL and Keyfield Marine ("Novation and Capitalisation Agreement") whereby it is agreed between the parties under the Novation and Capitalisation Agreement that WCL shall novate a sum of USD3.60 million (equivalent to RM14.8 million), a sum being the balance of the amount owing by Keyfield Marine to WCL ("Novated Amount") to Darren Kee and Keyfield Marine agrees to repay the Novated Amount to Darren Kee. Pursuant to the Novation and Capitalisation Agreement, Darren Kee, our Company and Keyfield Marine has agreed to capitalise the Novated Amount through issuance of 29,520,000 new Shares ("Capitalisation Shares 1") to Darren Kee at an issue price of RM0.50 per Share as settlement of the Novated Amount for Keyfield Marine of which the Novated Amount shall be valued at in Ringgit Malaysia equivalent to RM14.76 million. It is further agreed by our Company under the Novation and Capitalisation Agreement that Darren Kee is entitled to nominate MEAM Holdings to receive part of the Capitalisation Shares 1 amounting to 13,000,000 new Shares.

Darren Kee had on 28 December 2020 exercised his nomination rights and had sold the 13,000,000 Shares to Mohd Erwan.

This Novation and Capitalisation Agreement was completed on 28 December 2020.

- (viii) The promissory note dated 21 August 2020 between Lavin Group and Keyfield Offshore whereby Lavin Group as a shareholder of Keyfield Offshore had advanced a sum of USD12.8 million (equivalent to RM53.6 million) ("Lavin's Shareholder's Loan 1") to Keyfield Offshore as agreed in the Lavin Subscription Agreement.

The Lavin's Shareholder's Loan 1 was fully disbursed on 21 August 2020.

- (ix) The capitalisation agreement dated 28 December 2020 between our Company, Keyfield Offshore and Lavin Group ("Capitalisation Agreement 1") for the part capitalisation of the Lavin's Shareholder's Loan 1 in the amount of USD5.0 million (equivalent to RM20.50 million) by our Company for Keyfield Offshore through the issuance of 41,000,000 new Shares at an issue price of RM0.50 per Share ("Capitalisation Shares 2"). It is further agreed by our Company under the Capitalisation Agreement 1 that Lavin Group is entitled to nominate Veritas Aman to receive part of the Capitalisation Shares 2 amounting to 22,000,000 new Shares.

Lavin Group had on 28 December 2020 exercised its nomination rights and had sold 22,000,000 Shares to Veritas Aman.

This Capitalisation Agreement was completed on 28 December 2020.

6. INFORMATION ON OUR GROUP (Cont'd)

Agreements for the acquisition of Falcon

- (x) The memorandum of agreement dated 28 September 2020 ("Falcon MOA") between POET and Keyfield Endeavour for the purchase of Falcon (POET 1593) for USD14.5 million (equivalent to RM58.6 million). Keyfield Endeavour has paid a deposit of USD1.45 million (equivalent to RM 5.9 million) as security for the correct fulfilment of the Falcon MOA leaving the balance of the purchase price of USD13.05 million (equivalent to RM52.7 million) to be settled as follows:
 - (a) USD8.7 million (equivalent to RM35.2 million) by cash upon physical delivery of Falcon; and
 - (b) the remaining USD4.35 million (equivalent to RM17.5 million) to be settled by confirmation of issuance of shares of 30% of Keyfield Endeavour's enlarged paid-up capital to POET and/or shall be treated as an amount due to POET which shall be detailed out in a separate agreement to be mutually agreed between the parties.
- (xi) An addendum dated 12 November 2020 was made to the Falcon MOA whereby POET's account as set out in the definitions of the Falcon MOA was amended.
- (xii) An addendum dated 14 December 2020 was made to the Falcon MOA whereby POET will no longer subscribe 30% of Keyfield Endeavour's enlarged paid-up capital resulting in the balance of purchase price of USD12.55 million (equivalent to RM50.7 million) to be paid by Keyfield Endeavour on the delivery of Falcon.

This Falcon MOA was completed on 20 January 2021.

Loan agreement with Positive Boom Limited and letter to vary certain terms of the loan agreement

- (xiii) The loan agreement dated 11 January 2021 between Positive Boom Limited and our Company whereby Positive Boom Limited has agreed to make available to our Company a loan of up to USD11.0 million (equivalent to RM44.3 million) for 2 years at interest rate of 2.5% per annum above the 1-month USD London Inter-bank Offered Rate (LIBOR) on the relevant rate fixing day to part finance the acquisition of Falcon.

Under the terms of the loan agreement, Positive Boom Limited shall be given the option to subscribe a minimum of 10,000,000 Issue Shares representing 1.25% of our enlarged share capital upon listing (in respect of the Issue Shares reserved for private placement to selected investors) at the IPO Price during the IPO.

The exercise of such option shall be fully satisfied in cash and not offset against any part of the loan.

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6. INFORMATION ON OUR GROUP (Cont'd)

- (xiv) The letter dated 16 March 2021 whereby our Company and Positive Boom Limited agreed to vary certain terms of the loan agreement, such that the total repayment under the loan agreement shall be RM44.33 million instead of USD11.0 million, and for the interest under the loan to be calculated from 16 March 2021 onwards, instead of date of loan disbursement.

The letter dated 28 December 2022 whereby our Company and Positive Boom Limited agreed to vary certain terms of the loan agreement, such that the repayment of the loan shall commence after 3 full months from the date of full disbursement by a 36 months principal instalment of RM806,000 each month and 1 final instalment of RM15.3 million due on 31 May 2024.

The loan was fully disbursed on 11 January 2021. This sum has been fully repaid in October 2023.

Shareholders and Maritime Security Cooperation Agreement with Naka Bayu

- (xv) Keyfield Offshore had entered into a Shareholders and Maritime Security Cooperation Agreement dated 29 January 2021 with Naka Bayu and the shareholders of Naka Bayu, Mohd Erwan and Tunku Azlan Bin Tunku Aziz to regulate the shareholders' relationship and to form a cooperating relationship to penetrate the business involving maritime security industry in Malaysia to which Keyfield Offshore and Naka Bayu shall jointly supply marine equipment to the Malaysian government agencies.

This agreement was mutually terminated by the parties on 7 January 2022.

Agreements in relation to the subscription of new securities in Keyfield Endeavour

- (xvi) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltquest have entered into a Subscription Agreement dated 7 May 2021 ("Keyfield Endeavour Subscription Agreement") whereby our Company and Keyfield Offshore shall subscribe 4,499,999 ordinary shares and 22,500,000 cumulative redeemable convertible preference shares in Keyfield Endeavour ("Keyfield Endeavour CRCPS") at RM1.00 each whilst Maltquest shall subscribe 500,000 ordinary shares and 2,500,000 Keyfield Endeavour CRCPS at RM1.00 each.

As at the date of the Keyfield Endeavour Subscription Agreement, Maltquest had already invested RM6.0 million in Keyfield Endeavour. Upon completion of the allotment of the ordinary shares and Keyfield Endeavour CRCPS under the Keyfield Endeavour Subscription Agreement by end May 2021, Maltquest will emerge as a 10% shareholder in Keyfield Endeavour.

This Keyfield Endeavour Subscription Agreement was completed on 7 May 2021.

- (xvii) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltquest have entered into a Shareholders Agreement dated 7 May 2021 to regulate their relationship as shareholders of Keyfield Endeavour and the management and operation of Keyfield Endeavour.

6. INFORMATION ON OUR GROUP (Cont'd)

Letter of Shareholders' Loan

- (xviii) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquet have entered into a Letter of Shareholders' Loan dated 7 May 2021 whereby our Company and Maltiquet have agreed to provide shareholders' loan of RM27.0 million and RM3.0 million respectively, to finance the settlement of the acquisition of Falcon and the mobilisation cost and equipment purchase for Falcon. The shareholders' loan shall be subject to an interest rate of 5% calculated on a daily basis on the amount outstanding and on the basis of the actual number of days elapsed and based on the weighted average amount of the principal amount outstanding. The shareholders' loan shall have a fixed term of 1 year* commencing from the date of the Letter of Shareholders' Loan. Keyfield Endeavour shall repay the shareholders' loan together with all interest accrued thereon within 7 business days from the expiry of the loan term. In the event that there remains any outstanding amount owing by Keyfield Endeavour to our Company and Maltiquet upon the expiry of the term, Keyfield Endeavour shall issue new preference shares to settle all such outstanding amount. The shareholders' loan was fully disbursed on 7 May 2021. This sum has been fully repaid in September 2023.

Note:

- * By way of supplemental letters, the parties extended the tenure of this loan to 7 May 2024.

Letter in relation to Stratos Private Equity subscribing for Keyfield Offshore CRNCPS

- (xix) A Letter dated 2 November 2021 where Stratos Private Equity agreed to subscribe to 15,562,500 cumulative redeemable preference shares in Keyfield Offshore ("Keyfield Offshore CRNCPS") at an issue price of RM1.00 per Keyfield Offshore CRNCPS for a total subscription price of USD3,750,000 (equivalent to RM15,562,500 at the exchange rate of USD1:RM4.15).

The subscription was completed on 24 November 2021.

Lavin Group advances to Keyfield Offshore

- (xx) The promissory note dated 11 October 2021 between Lavin Group and Keyfield Offshore whereby Lavin Group as a shareholder of Keyfield Offshore had advanced a sum of USD1.00 million (equivalent to RM4.2 million) ("Lavin's Shareholder's Loan 2") to Keyfield Offshore to be utilised towards the partial payment of the purchase price of the acquisition of Kindness from Vantage Construction (Hong Kong) Co Limited. The Lavin's Shareholder's Loan 2 shall be repayable in USD or its equivalent of RM within 12 months from the date of the promissory note and the repayment period is extendable by another 6 months on Lavin Group's election with no additional charges. The Lavin's Shareholder's Loan 2 is interest free.

The Lavin's Shareholder's Loan 2 was fully disbursed on 11 October 2021. This sum has been fully repaid as at the LPD.

Full Smart International Enterprises Limited advances to Keyfield Offshore

- (xxi) The promissory note dated 25 January 2021 between Keyfield Offshore and Full Smart International Enterprises Limited ("Fullsmart"), a private limited company incorporated in Hong Kong with principal activities in trading of home appliances, industrial equipment, and electronic products. The sole director and shareholder of Fullsmart is Koh Hui Hiong, Bonaventure.

6. INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the aforesaid promissory note Fullsmart had advanced a sum of USD1.25 million (equivalent to RM5.0 million) ("Fullsmart Advances") to Keyfield Offshore. The relationship as between Fullsmart and Keyfield Offshore is that of lender-borrower as per the said promissory note.

The Fullsmart Advances shall be repayable in USD or its equivalent of RM within 24 months from the date of the promissory note and the repayment period is extendable by another 6 months on Fullsmart's election with no additional charges.

The Fullsmart Advances shall bear interest at the rate of the monthly 1-month USD LIBOR plus 2.5% per annum from the date of the disbursement until the repayment in full. Interest shall accrue on a day-to-day basis calculated on the basis of the actual number of days elapsed from 1 February 2021 onwards and paid on the anniversary of the date of disbursement.

The Fullsmart Advances were fully disbursed on 25 January 2021 and was utilised for our working capital. This sum has been fully repaid as at the LPD.

Shipbuilding contract for Kindness

- (xxii) The shipbuilding contract dated 11 October 2021 between Vantage Construction (Hong Kong) Co Limited and Keyfield Offshore for the purchase of Kindness for USD4.3 million (equivalent to RM17.7 million) ("Kindness Shipbuilding Contract"). The purchase consideration shall be settled in 2 instalments, the first instalment was USD1.0 million (equivalent to RM4.2 million) paid in cash within 10 days after signing the Kindness Shipbuilding Contract and the second instalment of USD3.25 million (equivalent to RM13.5 million) settled in cash upon delivery of Kindness.

This Kindness Shipbuilding Contract was completed on 9 November 2021.

Agreements relating to the acquisition of Lavin Vessel 1

- (xxiii) The sale and purchase agreement dated 18 February 2022 between our Company and Lavin Group for the acquisition by our Company of 1,000 ordinary shares representing the entire equity interest in Lavin Vessel 1* for a purchase consideration of RM12.5 million which was satisfied by the allotment and issuance of 50,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS to Lavin Group.

This sale and purchase agreement was completed on 18 February 2022.

Note:

- * As at the LPD, Lavin Vessel 1 had changed its name to Keyfield Resolute.

- (xxiv) The Keyfield Resolute Capitalisation Agreement dated 18 February 2022 between our Company, Lavin Group and Lavin Vessel 1. Lavin Group had advanced an intercompany loan to Lavin Vessel 1 for the acquisition of Commander and Compassion and as at the date of the Keyfield Resolute Capitalisation Agreement, Lavin Vessel 1 owed RM65.0 million to Lavin Group. Pursuant to the Keyfield Resolute Capitalisation Agreement, our Company will upon the completion of the acquisition of Lavin Vessel 1, assume the RM65.0 million owed by Lavin Vessel 1 to Lavin Group by allotting and issuing 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 to Lavin Group.

6. INFORMATION ON OUR GROUP (Cont'd)

As a result of our Company assuming the RM65.0 million, Lavin Vessel 1 will then owe our Company RM65.0 million which will be satisfied by Lavin Vessel 1 allotting and issuing 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Resolute NCRCPs") at the issue price of RM1.00 per Keyfield Resolute NCRCPs to our Company.

This Keyfield Resolute Capitalisation Agreement was completed on 18 February 2022.

Agreements relating to the acquisition of Grace

- (xxv) The memorandum of agreement dated 18 February 2022 ("Stratos MOA") between Stratos Vessel and Keyfield Serenity for the purchase of Grace for RM65.0 million which was satisfied by the allotment and issuance of 260,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS directly to Stratos Private Equity, the holding company of Stratos Vessel pursuant to an Intercompany Payment and Capitalisation Agreement (set out below) entered into on the same date.

This Stratos MOA was completed on 18 February 2022.

- (xxvi) The Intercompany Payment and Capitalisation Agreement dated 18 February 2022 between our Company, Keyfield Serenity, Stratos Private Equity. Pursuant to the Intercompany Payment and Capitalisation Agreement, our Company will simultaneously upon the completion of the acquisition of Grace, allot and issue 260,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS directly to Stratos Private Equity as settlement for the acquisition of Grace.

As a result of our Company allotting and issuing 260,000,000 Keyfield CRNCPS to Stratos Private Equity for the purposes of the acquisition of Grace, Keyfield Serenity will then owe our Company RM65.0 million which will be satisfied by Keyfield Serenity allotting and issuing 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Serenity NCRCPs") at the issue price of RM1.00 per Keyfield Serenity NCRCPs to our Company.

This Intercompany Payment and Capitalisation Agreement was completed on 18 February 2022.

Agreement in relation to the acquisition of Lestari (formerly Permata Arau 1)

- (xxvii) The bill of sale dated 17 March 2023 between the Sheriff of the High Court of Malaya at Kuala Lumpur and Keyfield Offshore for the acquisition of Lestari (formerly Permata Arau 1) for RM24.4 million to be satisfied in cash pursuant to a bid made by Keyfield Offshore at an auction conducted by the High Court of Malaya at Kuala Lumpur.

This bill of sale for the acquisition of Lestari (formerly Permata Arau 1) was completed on 17 March 2023.

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6. INFORMATION ON OUR GROUP (Cont'd)**Agreement in relation to the acquisition of Helms 1**

(xxviii) The memorandum of agreement dated 7 April 2022 ("Helms 1 MOA") between Sea Steel Sdn Bhd and Keyfield Offshore to acquire Helms 1 for a purchase consideration of RM50.5 million which consists of the following:

	Helms 1 RM'million
Cash purchase price	45.0
Finance charges ⁽¹⁾	5.5
Total purchase consideration	50.5

Note:

(1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 29 monthly instalments of RM0.5 million and a final instalment of RM35.5 million.

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Sea Steel Sdn Bhd shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

This Helms 1 MOA was completed on 7 April 2023 and Keyfield Offshore has taken delivery of Helms 1.

Agreement in relation to the acquisition of Blooming Wisdom

(xxix) The memorandum of agreement dated 7 April 2023 ("Blooming Wisdom MOA") between Azulite Bloom Sdn Bhd and Keyfield Offshore for the acquisition of Blooming Wisdom for a purchase consideration of RM94.9 million which consists of the following:

	Blooming Wisdom RM'million
Cash purchase price	85.0
Finance charges ⁽¹⁾	9.9
Total purchase consideration	94.9

Note:

(1) The finance charges are charged on a reducing balance method over the instalment period below.

The total purchase consideration above is payable over 48 monthly instalments of RM1.98 million.

Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, Azulite Bloom Sdn Bhd shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

This Blooming Wisdom MOA was completed on 7 April 2023 and Keyfield Offshore has taken delivery of Blooming Wisdom.

6. INFORMATION ON OUR GROUP (Cont'd)

Agreement in relation to the acquisition of IMS Aman

- (xxx) The sale and purchase agreement dated 26 January 2024 between Khas Jejaka Sdn Bhd and Keyfield Offshore for the purchase of IMS Aman for a purchase consideration of RM34.8 million which was satisfied in cash. Keyfield Offshore has paid a deposit of RM3.48 million to Khas Jejaka Sdn Bhd upon signing of this agreement leaving the balance of the purchase price of RM31.32 million to be settled within 14 days from the date of this agreement.

This sale and purchase agreement was completed on 30 January 2024.

Tenancy agreements

- (xxxi) The tenancy agreements dated 25 December 2022 between 10 Tower Sdn Bhd and Keyfield Offshore for our tenancy of Units B-30-01 and B-30-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur for an aggregate monthly rental of RM13,465 for a period of 25 months commencing from 1 February 2023 and expiring on 28 February 2025.

London Bridge Property Management Sdn Bhd had rented the above office units to 10 Tower Sdn Bhd, which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

- (xxxii) The tenancy agreements dated 27 March 2023 between Helix Management Sdn Bhd and Keyfield Offshore for our tenancy of Units B-31-01, B-31-02, B-31-07 and B-31-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur for an aggregate monthly rental of RM28,816 for a period of 3 years commencing from 1 March 2023 and expiring on 28 February 2025.

London Bridge Property Management Sdn Bhd had rented the above office units to Helix Management Sdn Bhd, which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

Umbrella Contract with PCSB

- (xxxiii) Umbrella Contract dated 1 October 2020 entered into between Keyfield Offshore with PCSB. The salient terms of the Umbrella Contract are set out in Section 6.7.2.

Underwriting Agreement for the Public Issue

- (xxxiv) The underwriting agreement dated 5 March 2024 between our Company and M&A Securities for the underwriting of 64,000,000 Issue Shares as set out in Section 4.11.1. Please refer to Section 4.12 for the salient terms of the Underwriting Agreement.

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.17 MATERIAL PROPERTIES OF OUR GROUP

6.17.1 Property owned by our Group

Details of the property owned by our Group as at the LPD are as follows:

(i) **B-22-05, Pavilion Embassy**

Particulars of title / Address : Master Title Geran 79666, Lot 20006 (formerly held under HS(D) 120448, PT No. 255) Seksyen 88A, Bandar of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur / B-22-05, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur

Registered owner / Developer : Lembaga Getah Malaysia (Proprietor) and Pedoman Ikhtisas Sdn Bhd (Developer). The strata title for this property has yet to be issued.

Land area based on title : 57,619 sq ft

Tenure / category of land use : Freehold / Commercial use only

Description, age of building and existing use : A single floor office unit with a built-up area of 1,615 sq ft.

As at the LPD, it is held as an investment property and rented to a third party tenant.

NBV : RM1,531,869 as at 30 September 2023

Building compliance : Certificate of Completion and Compliance dated 12 December 2022

Encumbrances : Assigned to United Overseas Bank (Malaysia) Bhd

As at the LPD, the above property is not in breach of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.17.2 Properties rented by our Group

Details of properties rented by us as at the LPD are set out below:

No.	Description	Landlord / Owner / Tenant	Existing use	Built-up area	Period of tenancy / Rental per annum (RM'000)
1.	Single floor office unit located at Unit B-31-01, B-31-02, B-31-07 and B-31-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur	Helix Management Sdn Bhd ⁽¹⁾ / Keyfield Offshore	Head office	5,192 sq ft	1 March 2023 to 28 February 2025 / 346
2.	Single floor office unit located at Unit B-30-01 and B-30-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur	10 Tower Sdn Bhd ⁽²⁾ / Keyfield Offshore	Head office	2,426 sq ft	1 February 2023 to 28 February 2025 / 162
3.	Single floor office unit located at Lot 1807, 18 th Floor, Tower 2 Faber Towers, Jalan Desa Bahagia Taman Desa, 58100 Kuala Lumpur	Canggih Pesaka Sdn Bhd / Keyfield Offshore	Former head office ⁽³⁾	3,824 sq ft	15 August 2021 to 14 August 2023 / 106

Notes:

- ⁽¹⁾ London Bridge Property Management Sdn Bhd had rented office units to Helix Management Sdn Bhd, of which Helix Management Sdn Bhd then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

6. INFORMATION ON OUR GROUP (*Cont'd*)

- (2) London Bridge Property Management Sdn Bhd had rented office units to 10 Tower Sdn Bhd, of which 10 Tower Sdn Bhd then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.
- (3) Our Group moved into our new head office at Pavilion Embassy, Kuala Lumpur, Malaysia in March 2023. We will not renew this tenancy agreement upon its expiry.

As at the LPD, the properties rented by our Group are not in breach of any land use or regulatory requirements.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The following is an overview of the regulatory requirements governing our Group which are material to our business operations, and is not an exhaustive description of all relevant laws and regulations which our business is subject to:

(i) Merchant Shipping Ordinance 1952 (MSO) and International Maritime Conventions

The MSO governs merchant shipping in Malaysia. In addition, the MSO has also adopted certain international maritime conventions making them laws under the MSO to be complied with.

(a) Registration of Malaysian ships

Section 11 of the MSO states that a ship shall not be deemed to be a Malaysian ship unless it is owned wholly by either Malaysian citizens or corporations which satisfy the requirements of Section 11(b) of the MSO which includes, amongst others, the corporation is incorporated in Malaysia, the principal office of the corporation is in Malaysia; the management of the corporation is carried out mainly in Malaysia and the majority of directors and shareholders are Malaysians.

Section 12 of the MSO makes it compulsory that every Malaysian ship must be registered under the MSO unless otherwise exempted by the MSO. Once it is registered, the ship shall be issued with a Certificate of Registry.

Before registration, Section 17 of the MSO requires a ship owner to obtain a certificate of measurement issued by the Ship Surveyor specifying the ship's tonnage and build and such other particulars descriptive of the identity of the ship.

As at the LPD, all of our vessels hold valid Certificates of Registry.

(b) Domestic shipping

Section 65L of the MSO provides that a ship shall not engage in domestic shipping without a licence unless otherwise exempted by the MSO. Domestic shipping is defined under the MSO as the use of ship to provide services, other than fishing, in Malaysian waters or the exclusive economic zone, or for the shipment of goods or the carriage of passengers from or to any port or place in Malaysia another port or place in Malaysia or any place in the exclusive economic zone or vice versa. The Domestic Shipping Licensing Board established pursuant to the MSO regulates and controls the licencing of ships engaged in domestic shipping.

As at the LPD, all of our vessels hold valid Domestic Shipping Licences.

6. INFORMATION ON OUR GROUP *(Cont'd)*

(c) Maritime labour

Pursuant to Section 117 of the MSO, the ship owner shall ensure that his ship holds a valid Maritime Labour Certificate or Interim Maritime Labour Certificate, as the case may be, before the ship can go on a voyage or an excursion.

In addition, the Maritime Labour Convention 2006 ("MLC") requires all ships of 500 gross tonnage or more plying internationally to hold a valid Maritime Labour Certificate. The MLC sets out the minimum requirements for working and living conditions for seafarers, including recruitment practices, conditions of employment, hours of work and rest, repatriation, annual leave, payment of wages, accommodation, health protection, occupational safety and health and medical care.

As at the LPD, all of our vessels hold valid Maritime Labour Certificates.

(d) Ship security

Section 249K of the MSO states that a company shall apply for an International Ship Security Certificate for the purposes of maritime transport safety and security.

International Convention for the Safety of Life at Sea 1974 (SOLAS 1974) specifies among others, minimum safety standards for the construction, equipment and operation of ships. The convention includes regulations concerning the survey of various types of ships and the issuing of documents signifying that the ships had met the requirements stipulated in the convention.

In addition, the International Ship and Port Facility Security Code ("ISPS Code") which came into force under the SOLAS 1974 constitutes the basis for a comprehensive mandatory security regime for international shipping. The ISPS Code outlines detailed maritime and port security related requirements and provides an international standard for the safety management and operation of ships and for pollution prevention.

As at the LPD, all of our vessels hold valid International Ship Security Certificates.

(e) Safety management system

Section 249AH of the MSO compels every company to develop, implement and maintain a Safety Management System which shall include a safety and environmental-protection policy, instructions and procedures to ensure the safe operation of ships and protection of the environment in compliance with relevant laws and international conventions, defined levels of authority and lines of communication between and amongst shore and shipboard personnel, procedures for reporting accidents and non-conformities with its provisions, procedures to prepare for and respond to emergency situations, and procedures for internal audits and management reviews.

The ISM Code adopted by the SOLAS 1974 provides an international standard for the safe management and operation of ships and for pollution prevention.

As at the LPD, all of our vessels hold valid Safety Management Certificates.

6. INFORMATION ON OUR GROUP (Cont'd)

Furthermore, Keyfield Offshore as at the LPD holds a valid DoC issued under the provisions of the SOLAS 1974 which certifies that the management system of Keyfield Offshore has been audited and that it complies with the requirements of the ISM Code.

(f) Load line

According to Section 315 of the MSO, where a Malayan load line ship registered in Malaysia has been surveyed and complies with the conditions of assignment to the extent required in her case by those provisions, there shall be issued to the owner of the ship on his application:

- (a) in the case of an international load line ship, a load line certificate referred to as "a Load Line Convention certificate"; and
- (b) in the case of a load line ship, a load line certificate referred to as "a Federation of Malaya load line certificate".

In addition, the International Convention on Load Lines 1966 ("ICLL") prescribes the standards at which freeboards of ships are to be assigned and the load lines of ships are to be marked in accordance with the ICLL.

As at the LPD, all of our vessels hold valid International Load Line Certificates.

(g) Tonnage

The Merchant Shipping (Tonnage) Regulations 1985 ("MSTR") being regulations made pursuant to the MSO applies to ships of 24 meters in length or over and registered in Malaysia. The MSTR regulates the method of measurement and calculation of tonnage of a ship. Upon satisfaction that the tonnage of the ship is in compliance with Regulation 6 and Regulation 7 of the MSTR, the certifying authority shall issue the owner an International Tonnage Certificate (1969).

Convention wise, the International Convention on Tonnage Measurement of Ships 1968 prescribes among others the standards wherein ships are to be surveyed and measured in relation to its gross and net tonnages.

As at the LPD, all of our vessels hold valid International Tonnage Certificates.

(h) Environment

Section 306CA of the MSO, prohibits the discharge of oil or harmful substances into any part of Malaysian waters, the exclusive economic zone, the atmosphere, any Malaysian coast, or Malaysian reef.

Under International Maritime Conventions, the International Convention for the Prevention of Pollution from Ships 1973 ("MARPOL") is an international convention on the prevention of pollution of the marine environment by ships from operational or accidental causes. For example, the MARPOL sets out certain requirements to control pollution of the sea by sewage, wherein discharge of sewage into the sea is prohibited unless the ship has in operation an approved sewage treatment plant. MARPOL also limits sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, save for Blooming Wisdom which is non-self-propelled and therefore the International Energy Efficiency Certificate does not apply to it, all of our vessels hold the following valid certificates:

- (aa) International Oil Pollution Prevention Certificates;
- (bb) International Air Pollution Prevention Certificates;
- (cc) International Sewage Pollution Certificates; and
- (dd) International Energy Efficiency Certificates.

The International Oil Pollution Prevention Certificate, International Sewage Pollution Prevention Certificate and International Air Pollution Prevention Certificate have a validity period of up to 5 years from the date the respective certificates were issued. As at the LPD, the aforementioned certificates of our vessels have a remaining validity period of between 1 year and 4 years. Meanwhile, the International Energy Efficiency Certificate does not have any expiry date.

(ii) Petroleum Regulations 1974

In view of our Group's dealings with PETRONAS, a licence must be obtained in compliance with Regulation 3 of the Petroleum Regulations 1974 to commence or continue any business or service involving, the supply of equipment and facilities and services required in connection with the exploration, exploitation, winning and obtaining of petroleum.

As at the LPD, Keyfield Offshore holds the following valid PETRONAS licence:

Mode of Operation	SWEC Code	Description
Vessel owner-operator	21121510S	The provision of Accommodation Work/Construction Boat/Barge including personnel to accommodate work personnel and crew with a degree of comfort and safety, with deck space or materials work area and crane for Self-propelled Accommodation Vessel/ Floatel/ Work Boat and Non-propelled Accommodation/ Construction/ Barge.
	21121511S	The provision of AHT/ AHTS/ Tow Tug Boat including but not limited to personnel to supply oil rigs, transport liquid/bulk cargo, stores, materials and equipment, tow oil rigs to location, anchor oil rig and serve as an emergency rescue and recovery vessel (ERRV)

6. INFORMATION ON OUR GROUP (Cont'd)

Mode of Operation	SWEC Code	Description
	21121518S	The provision of PSV including personnel to transport liquid/ bulk cargo, stores, materials and equipment, or to transport personnel and materials between platforms and drilling rigs. The vessel is normally used for deepwater operations.
	21121519S	The provision of Safety Standby Vessel including personnel at location or within field to provide assistance to emergency demobilization of offshore crew in the event of rig, platform, Mobile Offshore Drilling Unit (MODU), Mobile Offshore Production Unit (MOPU) or offshore facilities being abandoned. General Purpose/Utility Vessel including personnel for transporting goods, personnel between platforms, standby boat and chaser boat.

There are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our assets as at the LPD. As at the LPD, we have not breached any of the above requirements.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.19 BUSINESS STRATEGIES

6.19.1 We intend to strengthen our market position through fleet expansion via acquisition(s) of accommodation vessels

Our growth trajectory over the last few years has been driven by the expansion of the fleet of our own vessels, which generate higher GP margin as compared to third party vessels. We took delivery of our first vessel, LS1, in 2017 and our second vessel, LS2, in 2020. Our fleet size further increased with the additions of Falcon and Kindness in 2021, followed by Grace, Compassion and Commander in 2022. We further bolstered our fleet with the acquisitions of Lestari, Helms 1 and Blooming Wisdom in 2023 and subsequently IMS Aman in 2024.

As part of our future plans, we intend to expand our fleet while carefully assessing the activity outlook for the Malaysian oil and gas industry. We will further ensure that the technical specifications of the additional accommodation vessels align with the technical and operational requirements of our current and/or prospective charterers.

We plan to expand our fleet through the following:

(i) Acquiring completed accommodation vessels which are put up for sale

Save for LS1, LS2 and Kindness, which were newly-built vessels, all of our other accommodation vessels were completed vessels when we acquired them, i.e they were ready to be deployed to charterers and already had a track record of being chartered out.

The advantages of acquiring completed vessels include:

- (a) Investment cost savings, as completed existing vessels are typically available at a lower purchase price compared to new vessels;
- (b) Immediate availability, as the shorter delivery time and shorter registration time allows for immediate deployment;
- (c) Established track record, which reduces uncertainties associated with the vessel's performance, as its track record will show its performance, reliability and operational history; and
- (d) Reduced construction time and risks, especially when there is a need for immediate deployment of the vessel.

This approach will enable us to expand our fleet, particularly in response to demand for additional accommodation vessels which will allow us to swiftly acquire and seamlessly integrate these vessels into our operations and meet the requirements of our charterers.

We plan to continue adopting such an approach in our fleet expansion plans. In line with this approach, we had in January 2024, acquired IMS Aman from Khas Jejaka Sdn Bhd for a purchase consideration of RM34.8 million. IMS Aman is an accommodation vessel with an accommodation capacity of up to 198 personnel. IMS Aman is equipped with DP2 system, however such system needs to be rectified at the estimated cost of RM2.0 million. The estimated cost is provided by the equipment supplier and engineering contractor which will undertake the rectification work. Such cost will be borne by us and is expected to be incurred in the fourth quarter of 2024.

We funded the acquisition using our internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) **Entering into a shipbuilding contract with suitable shipbuilder(s) to build new accommodation vessel(s)**

Apart from acquiring completed vessels which are available in the market, we may also enter into shipbuilding contract(s) with suitable shipyard(s) to build new accommodation vessel(s) with features which meet the specific needs of our current and prospective charterers. Such features may include hybrid diesel-electric engines for fuel savings, a DP2 system, a larger deck space, more accommodation rooms to cater for a larger capacity of passengers, helipad, higher capacity main crane, solar photovoltaic systems, and battery powered generators, among others.

Our management's experience in providing technical support and advisory services relating to shipbuilding will provide us with valuable insight into the needs of the upstream oil and gas industry, in terms of the technical design and requirements of accommodation vessels. Leveraging on this experience, we will work closely with the shipyard(s) to construct modern, industry-standard accommodation vessel(s) that are also environmentally friendly.

Based on our experience, the construction of a new accommodation vessel typically takes approximately 18-24 months to complete. The estimated cost to build a new accommodation vessel with the aforementioned features currently ranges from USD28.0 million to USD35.0 million (equivalent to RM133.3 million to RM166.6 million based on the exchange rate as at LPD). We intend to fund the above via our internally generated funds and future debt or equity fundraising exercises.

We expect to acquire a newly built accommodation vessel (to be identified) for a total estimated cost of up to USD35.0 million (equivalent to RM166.6 million based on the exchange rate as at LPD) over the next 2 years from our Listing. The procedures relating to the acquisition of vessels is set out in Section 6.4.

6.19.2 We intend to broaden our service offerings to PCSB and PACs

We had obtained our PETRONAS Vessel Owner-Operator licence with the SWEC code 21121510S in 2018 and the LOA For Umbrella Contract in 2019, which enabled us to bid directly to PCSB and PACs for the provision of AWBs.

Over the years, our Group has established our presence in the Malaysian oil and gas industry, specialising in chartering of accommodation vessels and the provision of related onboard services, thereby building our experience in providing such services to PCSB and PACs.

As part of our expansion plan, we had broadened our service offerings to include the chartering of AHTS and PSV, which may also be utilised as smaller accommodation vessels. In line with this plan, we had acquired Kindness and Helms 1, both of which are an AHTS and PSV respectively. Furthermore, in 2022, we applied for and obtained additional SWEC codes as follows:

- (i) 21121511S (Anchor Handling Tug (AHT)/ Anchor Handling Tug & Supply (AHTS)/ Tow Tug Boat); and
- (ii) 21121518S (Platform Supply Vessel (PSV)).

This enables us to respond to request for proposals on projects by oil and gas contractors which require the use of an AHTS or PSV. It will also enable us to participate in invitation to bid to be a panel contractor to PCSB and PACs in respect of AHTS and PSV.

6. INFORMATION ON OUR GROUP (Cont'd)

In March 2023, our Group received an invitation to bid from PCSB to tender for the Provision of Production Operations Vessels (POV) in respect of AHTS and PSV for a period of 3 years with an optional extension for another 3 years. In May 2023, we submitted the required bid and as at the LPD, we are still awaiting its outcome.

Should we be successful, we will then be able to directly participate in invitations to bid by PCSB and PACs for the provision of AHTS and PSV for charter. In addition, we may also bareboat charter AHTS and/or PSV which are available in the Malaysian market in order to serve our current and prospective customers.

This is expected to augur well for our future prospects as it will broaden our service offerings to PCSB and PACs, while generating an additional revenue stream. Further, the provision of AHTS is complementary to the provision of AWBs and Barges to our customers as AHTS is required for anchor deployment and retrieval as well as the towing of Barges.

To this end, we may also acquire additional AHTS and/or PSV, either new or completed, to expand our fleet should the market conditions be favourable. The actual cost of acquiring a new AHTS and PSV can differ significantly from one vessel to another as it will depend on various factors such as the vessel age, vessel tonnage, size of bollard pull (for AHTS), deck space, accommodation capacity, and DP-system.

We estimate that the cost to acquire a new AHTS with similar specifications to Kindness currently ranges from USD10.0 million to USD11.0 million (equivalent to RM47.6 million to RM52.4 million based on the exchange rate as at LPD). Kindness is an AHTS and its key specifications are disclosed in Section 6.6.3.

We expect to acquire a new AHTS with similar specifications to Kindness (to be identified) for a total estimated cost of up to USD11.0 million (equivalent to RM52.4 million based on the exchange rate as at LPD) via our own internally generated funds over the next 2 years from our Listing. The procedures relating to the acquisition of vessels is set out in Section 6.4.

6.19.3 We plan to continuously enhance our own vessels' capabilities in alignment with industry trends and our sustainability agenda

Our fleet of AWBs have an average age of 8 years which is relatively younger than the industry average of 10 years for AWBs. Our fleet of own vessels have additional amenities as described in Section 6.8.4. We are committed to continuously improve and upgrade our fleet, incorporating the latest available features and advancements in line with industry trends and our sustainability agenda, where feasible.

One of the recent industry trends in the oil and gas industry include the increased awareness and focus by PCSB and PACs on ESG and sustainability aspects. PCSB and PACs have been setting targets and implementing initiatives to reduce greenhouse gas emissions, promote environmental sustainability and enhance their corporate sustainability reporting practices. In particular, PCSB has announced its intention to achieve net zero carbon emissions by 2050 and has been implementing initiatives to reduce greenhouse gas emissions and embark on new growth opportunities that are sustainable including renewable energy (such as solar and wind energy), hydrogen and biofuels. In line with this industry trend, we have outlined the following initiatives which we will undertake in the near future to render our fleet of accommodation vessels more marketable to existing and prospective charterers as such initiatives will assist them to achieve their sustainability agenda. These initiatives are:

6. INFORMATION ON OUR GROUP (Cont'd)

(i) Installing food composting systems onboard our own vessels

In April 2023, we installed a food composting system onboard our largest accommodation vessel, Blooming Wisdom. This system works by compressing food waste generated from our catering operations into smaller particles, facilitating efficient and convenient storage of such waste. The system onboard Blooming Wisdom can compost up to 200 litres of organic waste per day which is then transformed into a bio-organic compost which can be re-purposed as natural fertilisers.

We had invested RM0.5 million from our internally generated funds for the food composting system onboard Blooming Wisdom. We plan to progressively install similar systems onboard our other own vessels, where suitable, which will be funded through our internally generated funds.

We plan to install 1 similar system each onboard 3 of our own vessels within the next 12 months, which we estimate the cost to be approximately RM0.3 million per vessel and approximately RM0.9 million in total. The cost of such system depends on the accommodation capacity of the vessel which it would be installed on.

As environmental standards become more stringent, having such a system allows us to contribute towards the sustainability efforts of both our Group as well as that of our charterers.

(ii) Installing solar panels onboard our own vessels

Apart from Falcon, which has a diesel-electric hybrid engine, all our own vessels are propelled by diesel-powered engines. In addition, all of our own vessels are equipped with generators which are used to power the various electrical equipment and machineries onboard our vessels. Marine gas oil, or commonly known as diesel, is the source of energy which we currently use to power our own vessels and their generators.

We incur marine gas oil costs when our own vessels are off-hire while such costs are borne by our charterers when our own vessels are on-hire.

In June 2023, we appointed a solar photovoltaic system supplier to undertake a feasibility study to evaluate the viability of installing of a such system onboard Blooming Wisdom, our largest accommodation vessel. The study, which is expected to take approximately 6 months, will encompass various aspects, such as determining the capacity of solar panels to be installed and designing an effective integration plan with the vessel's existing electrical systems.

As at the LPD, we have completed the feasibility study and concluded that it is beneficial to our Group to install such a system, and decided to proceed with the investment. This investment would include the installation of a solar photovoltaic system paired with a battery energy storage system, which can generate electricity directly from solar energy to support the vessel's electricity requirements and store any excess power in the battery for later use.

We can achieve energy and cost savings by installing such solar photovoltaic system. The amount of energy savings depends on various factors such as the vessel's location and amount of direct sunlight it receives. By harnessing solar energy, we can reduce our marine gas oil consumption and decrease greenhouse gas emissions. During the off-hire period, such system will then allow us to save on our operational costs while during the on-hire period, it will allow us to contribute towards our charterer's cost savings, further solidifying our commitment to sustainable practices.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we have completed the first installation phase which entails the installation of the solar panels and related engineering works on Blooming Wisdom. The second installation phase, which entails the installation of the battery pack, is scheduled to be carried out by the first quarter of 2025. Upon the completion of the second installation phase, the solar system can be utilised by second quarter of 2025.

Based on current estimates, the total investment cost is approximately RM3.0 million, which will be funded through our internally generated funds and can be recovered over time through cost savings. This investment will also improve our profitability during the off-hire period.

We also plan to progressively install similar systems on our other own vessels, where suitable.

Apart from the abovementioned initiatives, we also intend to ensure the features and technology used in our accommodation vessels are up-to-date and remain relevant to industry trends which are driven by demand from potential and existing charterers. In particular, DP2 system is a relatively more advanced technology used in accommodation vessels in comparison to 4-point mooring, and it allows the vessel to operate in adverse weather conditions, harsher deepwater environments and in congested seabeds that are difficult to deploy anchors.

(iii) Installing a DP2 system onboard LS2

Currently, we own 8 AWBs of which 3, namely LS1, LS2 and Lestari are 4-point mooring equipped AWBs and 4, namely Falcon, Grace, Compassion and Commander are DP2-equipped AWBs. DP2-equipped accommodation vessels, including AWBs, are able to operate in harsher deepwater environments. While IMS Aman is also equipped with DP2 system, it is currently operating as a 4-point mooring vessel. Further, our DCR for DP2-equipped AWBs are higher than those of 4-point mooring AWBs.

In view of the above, we intend to retrofit a DP2 system onboard LS2. This will enhance LS2's capability and potentially increase its DCR. We have appointed a system designer to undertake a feasibility study for such installation. If the results of such feasibility study are positive, we plan to carry out the DP2 retrofitting during LS2's expected off-hire period in 2024 or next dry docking in 2025. The estimated cost for such retrofitting is RM6.0 million which will be fully funded by our internally generated funds.

6.20 EMPLOYEES

The breakdown of our employees by department is as follows:

Department	Total employees
Directors	2
Key senior management	3
Technical, Operations, Crewing, Catering and Commercial	34
Finance, Administrative and Human Resources	17
Total	56

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we employ the following:

	Malaysians	Non-Malaysians	Total
Full-time employees	56	-	56
Crew members on a contractual basis ⁽¹⁾	286	1 ⁽²⁾	287
Total	342	1	343

Notes:

- (1) All crew members who are employed on a contractual basis, including Masters and Campbosses, are considered as employees of the Group during their employment.
- (2) The non-Malaysian crew member whom we employ holds a valid Malaysian temporary employment pass.

None of these employees belong to any labour union. As at the LPD, there have not been any major industrial dispute pertaining to our employees and there has not been any incidence of work stoppage or labour disputes that have materially affected our operations.

6.20.1 Training and development

We provide our employees and crew members with training and development to enhance their skills and knowledge with courses, seminars and training programmes. We have set a series of training programmes for each of our employee and crew member to support their development in their respective fields. Some of these training programmes are required by our customers.

In the past FYEs, some of the courses, seminars and training programmes our employees and crew members have attended include:

	Training programmes	Organiser
FYE 2020	Hazard Analysis and Critical Control Point ("HACCP") Training	BSTS Sdn Bhd
	Shipboard Catering Management Course	Ranaco Marine Sdn Bhd
	Rigger American Petroleum Institute ("API") Course	BSTS Sdn Bhd
	Banksman API Course	BSTS Sdn Bhd
	Basic Hydrogen Sulphide (H2S) Training	BSTS Sdn Bhd
	Person In Charge Training	BSTS Sdn Bhd
	Designated First Aider	BSTS Sdn Bhd
	HACCP Inspection and Verification for Site Medic	PHEIO Management Sdn Bhd
FYE 2021	Latest Allowable Cost Matrix	HRD Corporation
	Let's Talk on New Energy, New Path	PETRONAS
	Smart by GEP	PETRONAS
	PETRONAS & Industry Partners MySTEP	PETRONAS
	Engagement Day 2021	
FYE 2022	Training for Charter Party Agreement	Messrs Ariff & Co
	"Effective Communication at the Workplace" English course	Pusat Bahasa Wira
	CPR & AED Training Course	CERT Academy
	Hasil CtIM Tax Forum 2022	Chartered Tax Institute of Malaysia

6. INFORMATION ON OUR GROUP (Cont'd)

	Training programmes	Organiser
	HIT9639 - MICROSOFT OFFICE EXCEL & POWER POINT (INTERMEDIATE TO ADVANCE) Understanding and Construct Indirect Cashflow Statement Employment Amendment Act 2021 & Guidelines for HR Policies Managing Stress at Workplace Seminar: Fixed Income Market Outlook Annual Fire Drill Exercise Briefing & HSE INDUCTION HR Networking Session & Members Meeting Seminar: Maritime Professionals: Legalities of the New Norm Training: Company Security Office (CSO) Combined ISM & ISPS Code Internal Auditor (CIA) CFO Nightmares - Accounting, Auditing, Taxes and Personal Liabilities Maritime Law Course Marine Incident Investigation Tax Issues of SME Designated Person Ashore	CREATIVE CORPORATE TRAINERS (M) SDN BHD Internal: Ng Yaw Hog Uni Training Academy Sdn Bhd Pusat Bahasa Wira Super Sdn Bhd RHB Group Mazlan Bin Harun HR Edge Consulting Sdn Bhd IKHTISAS Kelautan Malaysia, International Malaysian Society of Maritime Law CENTRE OF MARITIME EXCELLENCE (CME) Sealestial Marine Seafarer Training Centre Crowe Malaysia PLT International Malaysian Society of Maritime Law OMT Standard Sdn Bhd Malaysia Institute of Account Centre OF MARITIME EXCELLENCE (CME)
FYE 2023	Maritime Law & Business Conference 2023 Safety Day Engagement Occupational Safety & Health (Amendment) Act 2022 Diversity, Equity & Inclusion: Central Tenets Of The Modern Workforce Marine Safety Intelligence System Vessel Insurance Workshop MPRC Industry Engagement Series: Energy Transition In Asia Navigating The E-Invoice Evolution And Maximizing Opportunities With SVDP 2.0 Monsoon ZIZA X 2023 Understanding Of Quality, Health, Safety And Environmental Management System (OHSEMS) Training The Path To Excellence: Leadership, Performance & Inclusion	International Malaysian Society of Maritime Law Shell Uni Training Academy Sdn Bhd Uni Training Academy Sdn Bhd PETRONAS State Insurance Broker MPRC Crowe PETRONAS SNR Consultants Arbinger (Malaysia) Sdn Bhd

6. INFORMATION ON OUR GROUP (Cont'd)**Seminars, events and exhibitions**

We have participated in the following seminars, event and exhibitions:

	Seminar/Event/Exhibition	Description	Organiser
FYE 2020	Business Talk: Maritime Fund 2.0 by Bank Pembangunan Malaysia Berhad	Discussion on the Maritime Fund 2.0	Malaysia Shipowners' Association
	KDJ Law Conference 2020	Conference to understand the new Malaysia Anti-Corruption Act, recent amendments to laws relating to employment Malaysia; anticipated changes to the Personal Data Protection Act, and laws on liquidated Damages	KDJ Law
	Marine Contractors Forum 2020	Forum was via a virtual dissemination of the contents as the physical forum could not be held by PCSB due to COVID-19. The contents are in relation to the performance and expectations of the industry for marine contractors	PCSB
FYE 2022	HASiL – CTIM Tax Forum 2022	This tax education programme aims to provide a platform for the dissemination and discussion of latest issues on taxation between the tax authorities and tax professionals	Lembaga Hasil Dalam Negeri Malaysia and Chartered Tax Institute of Malaysia
	Oil & Gas Asia x Malaysia Oil & Gas Services Exhibition and Conference and Petrochemicals Sustainability Conference	Energy professionals from across the globe will gather in Kuala Lumpur at one of the most comprehensive industry events supporting the Oil, Gas, Energy, and Petrochemicals industry in Southeast Asia	Informa Markets, Malaysian Oil & Gas Services Council and Malaysian Petrochemicals Association
FPE Sep 2023	Day of the Seafarer 2023	This event serves as a platform for networking, expanding our presence in the maritime industry and an opportunity for aspiring seafarers to connect with our team to explore available positions.	1. Ministry of Transport Malaysia 2. Malaysia Marine Department
	Monash Career & Internship Fair 2023	Our goals for participating in the career fair are to increase our visibility and our presence while also seeking to recruit talented interns and fresh graduates.	BT Business Consultancy
	Sunway University GetHired Career Fair 2023		Talentbank Sdn Bhd

Our Group did not participate in seminar/event/exhibition in 2021 in view of the COVID-19 pandemic. We resumed such participation in 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

6.21 MAJOR CUSTOMERS

Our customers comprise PCSB, PACs, oil and gas contractors and offshore support vessel owners. These customers fall under the upstream oil and gas industry. Our top 5 major customers for each of the past FYEs and FPE Sep 2023 are as follows:

FYE 2020

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FYE 2020		Length of relationship as at the LPD Years
					RM'000	%	
1.	PCSB	Malaysia	Oil and gas exploration and production	Chartering, catering and VSAT services	21,023	27.9	6
2.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	14,052	18.7	9
3.	Shapadu Energy Services Sdn Bhd	Malaysia	Oil and gas contractor	Chartering, catering and VSAT services	11,020	14.6	1
4.	Bumi Armada Navigation Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	10,045	13.4	3
5.	Dayang Enterprise Group ⁽²⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	8,077	10.7	5
Sub-total					64,217	85.3	
Total					75,231	100.0	

6. INFORMATION ON OUR GROUP (Cont'd)
FYE 2021

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FYE 2021		Length of relationship as at the LPD Years
					RM'000	%	
1.	PCSB	Malaysia	Oil and gas exploration and production	Chartering, catering and VSAT services	39,233	28.1	6
2.	Dayang Enterprise Group ⁽²⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	20,308	14.5	5
3.	Sapura Pinewell Sdn Bhd	Malaysia	Oil and gas contractor	Chartering, catering and VSAT services	17,735	12.7	1
4.	Bumi Armada Navigation Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	11,762	8.4	3
5.	PTTEP Sarawak Oil Limited	Malaysia	PAC	Chartering, catering and VSAT services	9,266	6.6	3
Sub-total					98,304	70.3	
Total					139,756	100.0	

FYE 2022

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FYE 2022		Length of relationship as at the LPD Years
					RM'000	%	
1.	PCSB	Malaysia	Oil and gas exploration and production	Chartering, catering and VSAT services	86,870	36.8	6
2.	Malaysia Production Sdn Bhd	Deepwater Contractors	Oil and gas contractor	Chartering, catering and VSAT services	30,766	13.0	3

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FYE 2022		Length of relationship as at the LPD Years
					RM'000	%	
3.	Dayang Enterprise Group ⁽²⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	26,782	11.4	5
4.	Helms Geomarine Sdn Bhd	Malaysia	Geotechnical service contractor	Chartering and catering services	20,326	8.6	4
5.	Tanjung Offshore Services Sdn Bhd	Malaysia	Oil and gas contractor	Chartering and catering services	13,274	5.6	3
Sub-total					178,018	75.4	
Total					236,204	100.0	

FPE Sep 2023

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FPE Sep 2023		Length of relationship as at the LPD Years
					RM'000	%	
1.	PCSB	Malaysia	Oil and gas exploration and production	Chartering, catering and VSAT services	179,537	57.7	6
2.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Chartering, catering and VSAT services	23,850	7.7	9
3.	Malaysia Deepwater Production Contractors Sdn Bhd	Malaysia	Oil and gas contractor	Chartering, catering and VSAT services	23,258	7.5	3
4.	Helms Geomarine Sdn Bhd	Malaysia	Geotechnical service contractor	Chartering and catering services	13,297	4.3	4

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Customer	Country	Business activities	Services rendered	Revenue contribution in FPE Sep 2023		Length of relationship as at the LPD Years
					RM'000	%	
5.	Perdana Nautika Sdn Bhd	Malaysia	Oil and gas contractor	Chartering and catering services	9,752	3.1	2
Sub-total					249,694	80.3	
Total					310,918	100.0	

Notes:

- (1) These customers are involved in the chartering of offshore support vessels and have chartered accommodation vessels from us, which they charter out to their customers. They are also our suppliers who have supplied their accommodation vessels to us, which we charter out to our customers.
- (2) Including DESB Marine Services Sdn Bhd and Dayang Enterprise Sdn Bhd, both are subsidiaries of Dayang Enterprise Holdings Berhad. We do not have any long-term arrangement with this group of customers.

Due to the nature of our Group's business, which is on a contract basis, the Chartering Contracts secured from any given customer may contribute a significant portion to our Group's annual revenue for a given year. As such, the top 5 customers that contribute to our Group's revenue generally changes on an annual basis.

PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue. We believe that PCSB will continue to contribute substantially to our Group's revenue in the foreseeable future as we have been actively tendering and have secured various Chartering Contracts from PCSB. The increase in revenue contributed by PCSB in FPE Sep 2023 was due to the increase in number of Chartering Contracts secured from PCSB in FPE Sep 2023, as well as increase in DCR and number of chartered days as explained in Section 11.2.3.1. In FPE Sep 2023, we had secured and undertaken 10 Chartering Contracts from PCSB, as compared to 5 Chartering Contracts in FYE 2022. The number of Chartering Contracts secured from any one of our customers, including PCSB, may differ from year to year and may not recur in subsequent financial years. As such, we are dependent on PCSB. In the event that our Group loses PCSB as our customer, we will have to secure Chartering Contracts from other customers to replace such revenue loss, as stated in Section 6.7.2. Should we fail to replace such revenue loss, it will have a material adverse financial impact to our Group. We are not dependent on any other major customer.

In respect of our top 5 major customers, only the revenue from PCSB and PTTEP Sarawak Oil Limited were secured as a result of and dependent upon the PETRONAS licence and the respective Umbrella Contracts with PCSB and PTTEP.

6. INFORMATION ON OUR GROUP (Cont'd)

6.22 MAJOR SUPPLIERS

Our suppliers comprise third party offshore support vessel owners as well as suppliers of equipment, spare parts, food and beverage provisions and manpower, among others. Our top 5 suppliers for each of the past FYEs and FPE Sep 2023 are as follows:

FYE 2020

No.	Supplier	Country	Business activities	Products/Services sourced	Value of purchases in FYE 2020		Length of relationship as at the LPD Years
					RM'000	(1)%	
1.	Bumi Armada Navigation Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	22,005	48.4	3
2.	Permata Trans Offshore Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	13,039	28.7	5
3.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	3,884	8.6	5
4.	Zafran Engineering Services Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	1,790	3.9	2
5.	Fu Sheng Group ⁽²⁾	Malaysia	Supplier of food and daily use provisions for offshore vessel usage	Food and beverage provisions	1,584	3.5	7
Sub-total					42,302	93.1	
Total					45,425	100.0	

6. INFORMATION ON OUR GROUP (Cont'd)
FYE 2021

No.	Supplier	Country	Business activities	Products/Services sourced	Value of purchases in FYE 2021		Length of relationship as at the LPD Years
					RM'000	(1)%	
1.	Permata Trans Offshore Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	13,562	18.1	5
2.	Lautan Semesta Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	8,696	11.6	1
3.	Khas Jejaka Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	7,431	9.9	4
4.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	7,341	9.8	5
5.	Two Offshore Marine Sdn Bhd	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	6,197	8.3	1
Sub-total					43,227	57.7	
Total					74,889	100.0	

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6. INFORMATION ON OUR GROUP (Cont'd)
FYE 2022

No.	Supplier	Country	Business activities	Products/Services sourced	Value of purchases in FYE 2022		Length of relationship as at the LPD Years
					RM'000	(1)%	
1.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	17,616	17.7	5
2.	Dynamic Navigation Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	7,905	7.9	4
3.	Azulite Bloom Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	7,521	7.5	2
4.	Databayu Group ⁽³⁾	Malaysia	Provision of crew and catering services	Food and beverage provisions	6,301	6.3	7
5.	Fu Sheng Group ⁽²⁾	Malaysia	Supplier of food and daily use provisions for offshore vessel usage	Food and beverage provisions	4,234	4.3	7
Sub-total					43,577	43.7	
Total					99,747	100.0	

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6. INFORMATION ON OUR GROUP (Cont'd)
FPE Sep 2023

No.	Supplier	Country	Business activities	Products/Services sourced	Value of purchases in FPE Sep 2023		Length of relationship as at the LPD Years
					RM'000	(1)%	
1.	Petra Resources Sdn Bhd ⁽¹⁾	Malaysia	Oil and gas contractor and offshore support vessel owner	Third party AWBs	30,570	25.7	5
2.	Databayu Group ⁽³⁾	Malaysia	Provision of crew and catering services	Food and beverage provisions	12,122	10.2	7
3.	Dynamic Navigation Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	7,674	6.4	4
4.	Sea Steel Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	7,020	5.9	3
5.	Azulite Bloom Sdn Bhd	Malaysia	Offshore support vessel owner	Third party AWBs	4,138	3.5	2
Sub-total					61,524	51.7	
Total					119,091	100.0	

Notes:

- (1) These suppliers are involved in the chartering of offshore support vessels and have supplied their accommodation vessels to us, which we charter out to our customers. They are also our customers who have chartered accommodation vessels from us, which they charter out to their customers.
- (2) Including Fu Sheng Enterprise and Fu Sheng Offshore Supply Sdn Bhd.
- (3) Including Databayu Catering Sdn Bhd and Databayu Enterprise Sdn Bhd.

For FYEs and FPE Sep Under Review, third party chartering (including third party catering costs) form a major part of our purchases, amounting to 73.4% in FYE 2020, 50.3% in FYE 2021, 30.1% in FYE 2022 and 34.0% in FPE Sep 2023 respectively. The remaining purchases mainly comprise of food and beverage provisions for catering services, rental of equipment and VSAT services.

6. INFORMATION ON OUR GROUP (*Cont'd*)

We do not have any long-term arrangements with our major suppliers save for the bareboat chartering contracts with Sea Steel Sdn Bhd to charter Daya Indah Satu and Daya Ceria for a period of 1 year with an extension option of another year respectively.

During the past FYEs and FPEs, we have not experienced any material supply disruptions or delays by our major suppliers. We are not dependent on any single supplier due to the following:

- (i) Over the last few years, our growth trajectory has been driven by the expansion of the fleet of our own vessels which allows us to reduce our reliance on third party AWBs;
- (ii) We have established a network of vessel owners which allows us to be able to access and secure available vessels that meet customers' requirements within the timeframe required; and
- (iii) Aside from Sea Steel Sdn Bhd, we do not have any long-term arrangements or contracts with any of our other major suppliers.

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7. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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T: +603 7625 1769

Date: 29 February 2024

The Board of Directors
KEYFIELD INTERNATIONAL BERHAD
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.

Dear Sirs,

Independent Market Research (“IMR”) Report on the Accommodation Vessel Chartering Market in Malaysia, particularly on the Accommodation Work Boat (“AWB”) Chartering Market in Malaysia in relation to the Listing of KEYFIELD INTERNATIONAL BERHAD (referred to as “the Company”)

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Accommodation Vessel Chartering Market in Malaysia, particularly on the AWB Chartering Market in Malaysia for inclusion in the Prospectus of the Company.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and may not necessarily reflect the performance of individual companies in the industry. It also does not purport to be exhaustive.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without prior express written consent from PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim', with a long horizontal flourish extending to the right.

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



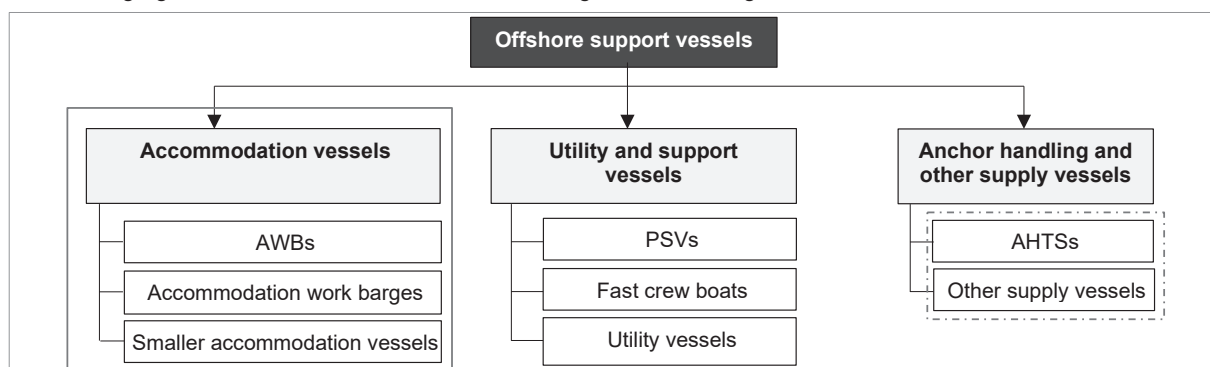
Keyfield International Berhad and its subsidiaries (collectively referred to as “**Keyfield Group**”) are principally involved in the chartering of own and third-party accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services. As at January 2024, Keyfield Group owns 11 accommodation vessels, of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. As such, this IMR report focuses on **The AWB Chartering Market in Malaysia**. This IMR report also covers an **Overview of The Accommodation Work Barge and Anchor Handling Tug Supply (“AHTS”) and Platform Supply Vessel (“PSV”) Chartering Market in Malaysia** as Keyfield Group is presently involved in the chartering of accommodation work barge and intends to expand into the AHTS and PSV chartering market in Malaysia. In addition, the IMR covers an **Overview of The Upstream Oil and Gas Industry in Malaysia** as this is the key end-user industry to the AWB Chartering Market in Malaysia.

1 OVERVIEW OF OFFSHORE SUPPORT VESSELS AND ACCOMMODATION VESSELS

Offshore support vessels comprise all ships, boats and barges which are specially designed to perform specific offshore operational activities for the upstream oil and gas industry.

There are generally 3 categories of offshore support vessels, i.e.:

- (i) **Accommodation vessels** – mainly include AWBs and accommodation work barges, which are used to provide accommodation and onboard amenities, as well as to transport cargoes, fuel and fresh water, offshore equipment and materials that are used onboard the accommodation vessels, and in carrying out offshore oil and gas activities. Some smaller vessels, i.e. utility and support vessels and anchor handling and other supply vessels may also be utilised as accommodation vessels;
- (ii) **Utility and support vessels** – include PSVs, fast crew boats and utility vessels, which are used to transport large volumes of provisions, cargoes and equipment to/from offshore oil and gas platforms, as well as transport offshore personnel and crew members; and
- (iii) **Anchor handling and other supply vessels** – include AHTSs and other supply vessels, which are used for towing rigs and vessels to a location, and mooring and unmooring of vessels.



Notes:

- (i) denotes the main segment in which Keyfield Group is principally involved
- (ii) denotes the segment in which Keyfield Group intends to expand
- (iii) The abovementioned list of offshore support vessels may not be exhaustive

Source: PROVIDENCE

Keyfield Group is principally involved in the chartering of accommodation vessels, particularly AWBs, and provision of onboard services.

Uses of offshore support vessels in the upstream oil and gas industry

In general, a typical offshore oilfield project will undergo the following stages:

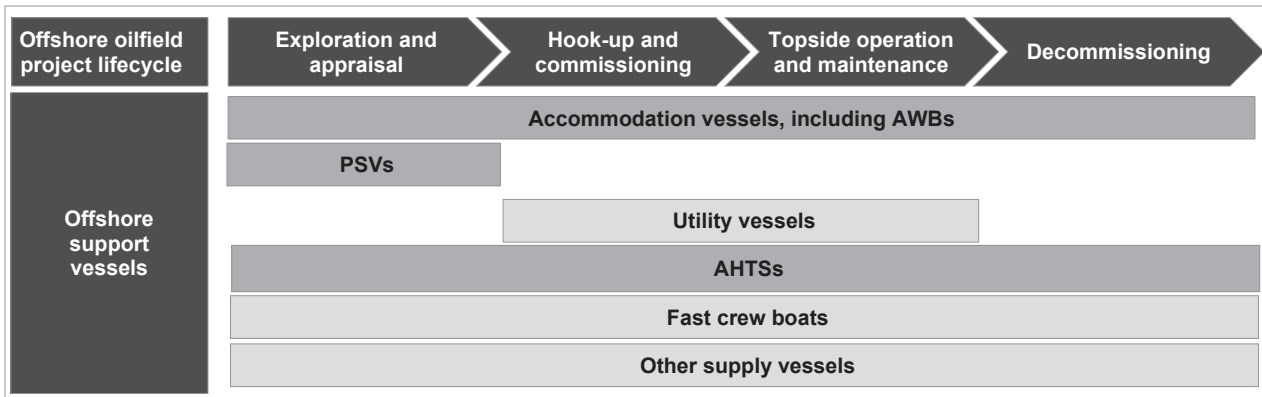
- (i) **Exploration and appraisal** – The lifecycle of an oilfield project typically begins with this stage where offshore oil and gas platforms are constructed at identified sites and drilling operations are performed to seek and map oil and gas reserves;
- (ii) **Hook-up and commissioning** – Once it has been determined that the identified site is viable, offshore oil and gas platforms undergo major modifications in order to accommodate the full topside operation process. Satellite offshore oil and gas platforms surrounding the main offshore oil and gas platform may also be constructed;
- (iii) **Topside operation and maintenance, and well services** – During this stage, the offshore oil and gas platform is in constant operation so that crude oil/ natural gas can be extracted from the oilfield site, and equipment and infrastructure have to consistently undergo periodic maintenance. Well services are also performed to remove sludge from the wells and related piping; and

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- (iv) **Decommissioning** – Once it is no longer cost-effective to extract from the oilfield site as the oil and gas reserves at the oilfield site are too low, the oilfield site is decommissioned and returned to its original state.

As the purposes of the abovementioned offshore support vessels are different, these offshore support vessels are typically used in different stages of an offshore oilfield project lifecycle, as seen below:



Notes:

- (i) The abovementioned chart refers to the stages where the particular type of vessel is typically hired
(ii)  denotes the type of vessels that Keyfield Group presently charters and intends to charter

Source: PROVIDENCE

Accommodation vessels, including AWBs, are generally required throughout the entire lifecycle of an offshore oilfield project, to provide accommodation and onboard amenities as well as to transport cargoes, fuel and fresh water, offshore equipment and materials. AHTSs are also required throughout the entire lifecycle of an offshore oilfield project as AHTSs are used to tow rigs and vessels to a location, and moor and unmoor vessels. PSVs are used to transport and store equipment and consumables to the offshore oil and gas platforms and are most needed at the exploration and appraisal stage.

Fast crew boats are typically used to transport offshore personnel and crew members while supply vessels are used to transport supplies and personnel to and from the offshore oil and gas platforms. Meanwhile, utility vessels are used to transport provisions, cargoes and equipment as well as transport offshore personnel.

Although the primary purpose of AWBs and accommodation work barges are similar, AWBs differ from accommodation work barges based on the following key features:

AWB	Accommodation work barge	Description on differences in features
Self-propelled	Not self-propelled	(i) AWBs do not need to be towed using anchor handling vessels and as such, chartering an AWB would cost less for the petroleum arrangement contractors ("PACs") and/or their contractors, as compared to chartering both accommodation work barge and anchor handling vessels; and (ii) In the case of unpredictable conditions (such as weather), AWBs can be pulled off from the platform due to their self-propelling feature and hence the safety of the offshore oil and gas platforms will be protected, as opposed to accommodation work barges which would need to be towed.
Sufficient accommodation facilities for 239 persons-on-board or less	Sufficient accommodation facilities for more than 240 persons-on-board	AWBs will be more cost-effective to hire throughout the entire lifecycle for offshore oilfield projects which only require accommodation facilities for less than 240 persons-on-board throughout the entire offshore oilfield project stages.
Workable deck space of less than 1,000 square metres ("sqm")	More than 1,000 sqm of workable deck space	Accommodation work barges will be more suitable for charterers that require a larger workable deck space to store offshore equipment and materials, and for offshore personnel to perform minor fabrication works.

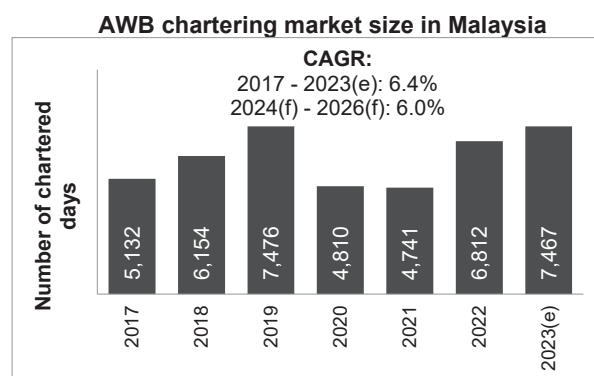
As such, AWBs and accommodation work barges have different features and thus, cater for different types of chartering contracts in terms of number of persons-on-board. It is also important to note that smaller accommodation vessels are typically other types of smaller vessels (such as AHTS, PSV or supply vessels) that have been converted to enable accommodation and onboard amenities. Thus, the market size for the chartering of smaller accommodation vessel cannot be determined.

As Keyfield Group is principally involved in the chartering of accommodation vessels, particularly AWBs, in Malaysia, this IMR report will focus on the AWB chartering market in Malaysia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**2 THE AWB CHARTERING MARKET IN MALAYSIA****MARKET SIZE, PERFORMANCE AND GROWTH**

As at January 2024, there were 42 Malaysian-flagged AWBs registered with the Marine Department Malaysia and the average age of these AWBs was 10 years.¹ All of these AWBs are chartered and used by PACs' main contractors and/or other offshore vessel support owners. Although there are AWB owners and charterers which own foreign-flagged AWBs, the foreign-flagged AWBs rarely operate in Malaysian waters.

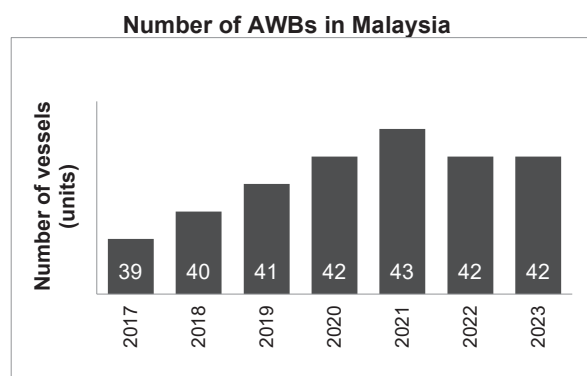
As such, the AWB chartering market size in Malaysia can be measured based on the total number of days per annum that Malaysian-flagged AWBs are chartered. This takes into account the number of days the Malaysian-flagged AWBs were not chartered and/or underwent annual inspection by the respective IACS and special surveys (including dry docking activities), and scheduled maintenance.



Notes:

- (i) Market size is based on number of chartered days of Malaysian-flagged AWBs registered with the Marine Department Malaysia
- (ii) (e) – estimate. The latest publicly available information for 2023 is an estimate, and is subject to changes

Source: Marine Department Malaysia, Vessels Value database, PROVIDENCE



Note:

- (i) The above AWBs refer to Malaysian-flagged AWBs registered with the Marine Department Malaysia

Source: Marine Department Malaysia, PROVIDENCE

The growth of the AWB chartering market size in Malaysia generally correlates with average crude oil prices, as the capital expenditure of PACs on explorations on and commissioning of new offshore oil and gas platforms is influenced by crude oil prices.

In tandem with the growth in Brent crude oil prices and capital expenditure of PACs in Malaysia (as elaborated in Chapter 4 of this IMR report) between 2017 and 2019 of 7.4% and 17.6% respectively, the AWB chartering market size in Malaysia illustrated a healthy compound annual growth rate ("CAGR") of 20.7% during the period. The AWB chartering market size in Malaysia grew, in terms of total number of chartered days, from 5,132 days per annum in 2017 to 7,476 days per annum in 2019. As a result of the Coronavirus Disease 2019 ("COVID-19") pandemic which resulted in operational disruptions, the AWB chartering market size in Malaysia declined to 4,810 days per annum in 2020 and 4,741 days per annum in 2021. The operational disruptions were caused by postponements of offshore oilfield projects for exploration, operation and maintenance, and well services particularly in 2020 and 2021 as standard operating procedures were put in place to curb the pandemic and occurrences of COVID-19 incidences. This was in line with a fall in Brent crude oil prices of 33.9% between 2019 and 2020, and a decline in capital expenditures by PACs in Malaysia of 36.2% between 2019 and 2021. Nevertheless, as Brent crude oil prices and PAC's capital expenditures in Malaysia grew significantly between 2021 and 2022 by 41.8% and 64.3% respectively, the AWB chartering market size in Malaysia grew by 43.7% between 2021 and 2022, to 6,812 days per annum in 2022. This growth was in line with the industry's recovery from the impact of the slowdown of oil and gas activities due to the COVID-19 pandemic. Although Brent crude oil prices was falling in 2023 due to less global demand as compared to in 2021, the PAC's capital expenditures in Malaysia continued to grow. Between Q3 2022 and Q3 2023, the PAC's capital expenditure grew from RM27.4 billion to RM34.3 billion.² As a result, the AWB chartering market size is estimated to grow by 9.6% between 2022 and 2023, to reach 7,467 days in 2023. Overall, the AWB chartering market size registered an estimated CAGR of 6.4% between 2017 and 2023.

¹ Source: Marine Department Malaysia.

² Source: PETRONAS Group Financial Results Announcement Q3 2023

7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



Moving forward, PROVIDENCE forecasts that the AWB chartering market size in Malaysia will register a CAGR of 6.0% between 2024 and 2026, from an estimated 8,212 days per annum in 2024 to 9,220 days per annum in 2026.³

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Constant demand for oil and gas will continuously require offshore personnel to undertake production, maintenance and repair activities on active offshore oil and gas platforms, thereby creating constant demand for AWBs

There is constant demand for oil and gas as oil and gas products are used in various sectors such as transportation fuel, industrial fuel, for electricity generation as well as in the production of fertilisers, pesticides, and a wide range of industrial products including plastics and polymers, textiles, paints and dyes. Between 2010 and 2022, the global demand for crude oil increased from 31.6 billion barrels to 35.5 billion barrels, whereas the global demand for natural gas increased from 2,718,002 kilotonnes of oil equivalent ("ktoe") to 3,389,518 ktoe.⁴ In Malaysia, the demand for crude oil and condensates grew from 24.4 million barrels in 2010 to 25.3 million barrels in 2020, while demand for natural gas grew from 6,254 ktoe to 16,631 ktoe over the same period.⁵

As there is constant demand for oil and gas products, offshore oilfield activities are continuous throughout the entire lifecycle of an offshore project to produce oil and gas products, even during periods where Petroliaam Nasional Berhad ("PETRONAS") and PACs cut back on capital expenditure to perform exploration and appraisal, and hook-up and commissioning of new offshore oil and gas platforms. Active offshore oil and gas platforms require constant maintenance, repair and upgrade works to maintain the offshore oil and gas platform's optimal operational efficiency and productivity. More manpower is typically required during this stage and thus, AWBs will be required to provide safe and comfortable accommodation for these offshore personnel during these stages.

For instance, although lower volumes of oil and gas products were consumed in 2020 as many businesses were halted or restricted from operating due to the national lockdown policies implemented to curb the COVID-19 pandemic, existing offshore oil and gas platforms were still in production to meet existing demand, although there was generally less exploration, hook-up and commissioning activities for new offshore oil and gas platforms. As offshore personnel are still required to operate and maintain these active offshore oil and gas platforms, there was demand for AWBs to provide accommodation for these offshore personnel. The Russia-Ukraine war has led to a shortage in crude oil supply which has caused a rise in crude oil prices. This could result in increased offshore oilfield activities in other parts of the world (such as in Southeast Asia) to fulfil the supply-demand gap, which would benefit the AWB chartering market in Malaysia.

Lower number of AWBs relative to the number of active offshore oil and gas platforms in Malaysia indicates potential for growth for the AWB chartering market

As at December 2022, there were 451 active offshore oil and gas platforms in Malaysia.⁶ In comparison, as at January 2024, there were 42 registered Malaysian-flagged AWBs in Malaysia, which is significantly lower than the number of active offshore oil and gas platforms in the country. Although 1 AWB may provide accommodation for offshore personnel working on several offshore oil and gas platforms situated adjacent to one another, the number of AWBs is significantly lower than the number of offshore oil and gas platforms.

Major offshore oil and gas platforms typically have lodging facilities that can house offshore personnel, while surrounding satellite offshore oil and gas platforms do not have lodging facilities. Despite this, these lodging facilities on major offshore oil and gas platforms may not be sufficient to accommodate all of the offshore personnel working on the platform and satellite offshore oil and gas platforms. Thus, this indicates potential for growth of the AWB chartering market in Malaysia as more AWBs will need to be chartered to support these active offshore oil and gas platforms in Malaysia.

Benefits of AWBs will support the AWB chartering market

AWBs can provide accommodation and various onboard amenities and services for offshore personnel as well as transport cargoes, fuel, fresh water, food provisions, equipment, pipes and spare parts. As AWBs are positioned within close proximity to the offshore oil and gas platform or connected to the offshore oil and gas platform via a gangway (which is a passageway between the AWBs and the offshore oil and gas platform), time taken for offshore personnel to travel to the offshore oil and gas platform will be reduced. AWBs thus provide the advantage of maximising working time and increasing operational efficiency.

Furthermore, AWBs also have cranes to lift and transport heavy equipment and pipes to/from the offshore oil and gas platform, large workable deck space for storage of equipment, pipes and spare parts, large fuel tank for use onboard the AWBs and to supply to other offshore support vessels, and fresh water generator and sanitiser. These equipment and facilities are crucial in enabling offshore personnel to carry out various offshore oilfield activities. Having these

³ PROVIDENCE's growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends.

⁴ Source: BP Plc and Energy Institute.

⁵ Source: Energy Commission of Malaysia. Latest publicly available information is as at 2020.

⁶ Source: PETRONAS Integrated Report 2022.

7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



equipment and facilities onboard also reduces the number of AWBs needed to transport and store fuel, fresh water, equipment, pipes and spare parts and thus, this will reduce costs.

As PACs and main contractors are more aware of the abovementioned benefits which AWBs offer in terms of cost and operational efficiencies, this will continue to support the growth of AWB chartering market.

Younger and advanced AWBs will lead to an increase in utilisation of AWBs

Younger AWBs are typically equipped with modern accommodation, facilities and amenities and equipment which comply with the latest requirements by PETRONAS, PACs and regulators such as the International Labour Organisation (ILO), International Maritime Organisation (IMO) and International Association of Classification Societies (IACS) (such as Bureau Veritas (BV), Registro Italiano Navale (RINA) and American Bureau of Shipping (ABS)). This increases the appeal of chartering younger AWBs compared to older AWBs.

Under all PACs' tender requirement, an AWB shall be not more than 25 years old, subject to the vessel having undergone a major refurbishment upon reaching 15 years. In addition, PETRONAS had also announced in March 2021 that it has opened tender for new offshore support vessels (such as utility and support vessels, and anchor handling and other supply vessels) to replace the existing fleet of offshore support vessels of which 60.0% are at least 11 years old.⁷ The newly opened tender suggests that PETRONAS also favours younger offshore support vessels.

Furthermore, younger AWBs have lower maintenance and operating costs as they tend to have less occurrences of breakdowns and are also more fuel-efficient. This would lead to lower operating costs as compared to older AWBs. Lower occurrences of breakdowns will also increase the utilisation of younger AWBs as there will be less downtime.

AWBs which are equipped with newer dynamic positioning ("DP") systems, namely DP2 or DP3 systems, can operate in deepwater environments which have harsher weather conditions. AWBs equipped with DP2 or DP3 systems can also operate over seabeds which are congested (typically with oil and gas piping) as these vessels do not need anchors to be moored. This allows AWBs equipped with DP2 or DP3 systems to operate in different types of offshore oilfield sites as compared to AWBs using 4-point mooring systems which are more suitable for shallow waters.

Long-term growth in number of offshore oil and gas platforms will create demand for AWBs

As of December 2022, there are 451 active offshore oil and gas platforms, an increase compared to 353 active offshore oil and gas platforms as of March 2018.⁸ According to PETRONAS, within 2024, there will be at least 11 new structural installations on existing oil and gas development projects, with another 14 oil and gas development projects under review (refer to **Chapter 4 – The Upstream Oil and Gas Industry in Malaysia** for further details).⁹ The commissioning of these additional offshore oil and gas platforms will require more offshore personnel to be placed at these offshore oilfield sites, thus creating increased demand for AWBs. Furthermore, PETRONAS announced that they are expecting to double their number of ships fuelled by liquified natural gas ("LNG") from 400 vessels to over 1,000 vessels, further depicting the positive future prospects of the oil and gas industry in Malaysia.¹⁰

Although the growth in explorations, appraisals, installations and commissioning of new offshore oil and gas platforms was hampered in 2020 as a result of the COVID-19 pandemic, these offshore oilfield activities have resumed since 2022. The long-term growth in number of offshore oil and gas platforms is expected to create demand for AWBs in the future, thus benefiting the AWB chartering market in Malaysia.

Despite the increase in number of offshore oil and gas platforms, approximately 56.0% of Malaysia's active offshore oil and gas platforms are operating beyond their design life and 18.0% have been operating for over 40 years.¹¹ This could lead to an increase in decommissioning of offshore oil and gas platforms in the future. Decommissioning of offshore oil and gas platforms involves the plugging of wells and severing of well casings, cleaning and removing of pipes, and removal of offshore oil platforms to ensure that there are no debris or potential obstructions. It is a complex process that could take between 2 and 10 years to complete. As AWBs are also required during the decommissioning of offshore oil and gas platforms, this also poses an opportunity for the AWB chartering market in Malaysia.

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of AWBs to carry out the provision of chartering services

Typically, active AWBs in Malaysia are owned and/or operated by Malaysia-owned or -operated companies. This is due to the PETRONAS approved license requirements for offshore support vessel services, as well as Malaysia cabotage policy under Section 65KA of the Merchant Shipping Ordinance 1952, as elaborated below. As at January 2024, there are 42 Malaysian-flagged AWBs that are registered with the Marine Department Malaysia. Both the PETRONAS licence and Malaysia cabotage policy also serve as a barrier to entry for potential new entrants and limit the participation of overseas companies.

⁷ Source: Theedgemarkets.com (15 February 2021). "Petronas invites bids for building of 16 OSVs".

⁸ Source: PETRONAS Integrated Report 2022. Latest publicly available information is as at 2022.

⁹ Source: PETRONAS Activity Outlook 2024-2026.

¹⁰ Source: The Star (9 September 2020). "LNG-fuelled tankers to more than double by 2030 – Petronas exec".

¹¹ Source: PETRONAS Activity Outlook 2021-2023.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Availability of labour to carry out the provision of AWB chartering services

AWBs will be staffed with crew members to operate AWBs, provide housekeeping and cleaning services, repair and maintenance works (to ensure that the AWBs are in optimal operational conditions), catering services and medical support services. Access to crew members with relevant experience, expertise and qualifications to carry out these tasks are crucial in the provision of AWB chartering. To meet the charterer's requirements, these crew members must also pass the necessary medical examinations (by the Marine Department Malaysia and PACs) and basic offshore safety induction and emergency training (BOSIET) course. Some of these crew members are also required to hold a valid Certificate of Competency qualification to prove that they are qualified to undertake their assigned tasks.

PRODUCT / SERVICE SUBSTITUTION AND RELIANCE AND VULNERABILITY TO IMPORTS

AWBs may be substituted with onshore accommodation or lodging facilities on main offshore oil and gas platforms. Onshore accommodations are typically located further away from the offshore oil and gas platform, thus increasing travel time to and from the offshore oil and gas platform which may be further affected by bad or extreme weather conditions. As a result, daily working hours are reduced, contributing to lower operational efficiency. Meanwhile, lodging facilities on offshore oil and gas platforms may not be sufficient to accommodate all of the offshore personnel working on the platform and surrounding / connecting offshore oil and gas platforms. Also, these lodging facilities typically are not able to accommodate all offshore personnel involved during certain offshore oilfield stages where more manpower is required such as during topside maintenance and repair.

KEY LAWS AND REGULATIONS

Petroleum Development Act 1974

Under the Petroleum Development Act 1974, PETRONAS is conferred the entire ownership and rights for exploration and production of Malaysia's petroleum resources. This Act also allows PETRONAS to issue licenses to any contractors to commence and continue any business or service pertaining to petroleum activities. Companies intending to participate in tenders given by PETRONAS must apply for and obtain license from PETRONAS. As the provision of AWB chartering services fall under offshore support vessel services, AWB owners are required to obtain a license from PETRONAS.

Cabotage policy

The cabotage policy in Malaysia was introduced in 1980, when the Merchant Shipping Ordinance 1952 was amended and the Domestic Shipping Licence Board was established. This policy prohibits non-Malaysian ships from engaging in domestic shipping activities (which refers to the use of vessels to provide services (other than fishing); or the shipment of passenger or goods within Malaysia or from Malaysia to the exclusive economic zone). Foreign vessels are only permitted to carry on domestic shipping activities in Malaysia if no Malaysian-owned vessels are able to meet the needs of the oil and gas industry in Malaysia.

This policy protects Malaysian-owned companies involved in domestic shipping. Thus, Malaysian-owned AWB providing chartering services for personnel working on offshore oil and gas platforms in Malaysia waters are given priority over foreign AWBs.

COMPETITIVE OVERVIEW

The AWB chartering market comprises companies that are involved in the provision of chartering of AWBs.

PROVIDENCE has identified 14 industry players on the basis that they:

- are involved in chartering of AWBs in Malaysia to serve the upstream oil and gas industry; and
- own at least 1 AWB that is registered with the Marine Department Malaysia (Malaysian-flagged).

Some of these industry players may also be involved, or have related companies that are involved in the chartering of accommodation work barges. Although some companies may utilise other smaller vessels such as AHTSs or PSVs as accommodation vessels, it is difficult to determine the usage of such vessels as accommodation vessels. As such, this is not disclosed in the IMR report. These identified industry players⁽ⁱ⁾⁽ⁱⁱ⁾ are as detailed below:

Company name	Number of AWBs	Number of accommodation barges	Average age of AWBs as at 2023 ⁽ⁱⁱⁱ⁾	Owns and operates other types of offshore support vessel / Involved in other businesses	Latest financial year end	Revenue (RM '000)	Profit After Tax (RM '000)
Ajang Shipping Sdn Bhd	3	-	15	-	N/A ^(iv)	N/A ^(iv)	N/A ^(iv)
Subsidiaries of Alam Maritim Resources Berhad^(v)							
Alam Maritim (M) Sdn Bhd	2	2	15	✓	30 June 2023	60,343 ^(vii)	20,109 ^(vii)

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Alam Radiance (L) Inc					N/A ^(x)	N/A ^(x)	N/A ^(x)
Subsidiary of Carimin Petroleum Berhad^(v) Carimin Marine Services Sdn Bhd	1	-	8	✓	30 June 2023	45,117 ^(vii)	7,411 ^(vii)
Subsidiaries of Dayang Enterprise Holdings Berhad^(v)							
DESB Marine Services Sdn Bhd	8	-	13	✓	31 December 2022	100,365 ^(vii)	12,153 ^(vii)
Perdana Petroleum Berhad ^(v)		5		✓	31 December 2022	169,313 ^(viii)	11,385 ^(vii)
Subsidiary of Icon Offshore Berhad^(v) Icon Ship Management Sdn Bhd	2	-	9	✓	31 December 2022 ^(vi)	112,251 ^(vii)	(52,917) ^(vii)
Keyfield Group	8 ^(ix)	1	6	-	31 December 2022	236,204	49,851
Subsidiary of Muhibbah Engineering (M) Berhad^(v) Khas Jejaka Sdn Bhd	1	-	13	✓	31 December 2022 ^(vi)	13,050 ^(vii)	824 ^(vii)
Michlyn Express Offshore (L) Berhad	1	-	1	-	N/A ^(x)	N/A ^(x)	N/A ^(x)
Subsidiaries of Petra Energy Berhad^(v)							
Petra Resources Sdn Bhd	4	3	12	✓	31 December 2022 ^(vi)	218,525 ^(vii)	(219) ^(vii)
Petra Marine Sdn Bhd					31 December 2022 ^(vi)	104,516 ^(vii)	10,159 ^(vii)
PJZ Marine Services Sdn Bhd	1	-	10	-	30 June 2020 ^(vi)	0	(8,602)
Pristine Offshore Sdn Bhd	2	-	9	-	31 December 2022 ^(vi)	4,435	(166)
Sapura Energy Berhad ^(v)	3	1	9	✓	31 January 2023	192,308 ^(viii)	(3,175,527) ^(vii)
Subsidiaries of Shapadu Corporation Sdn Bhd							
Shapadu Marine Pte Ltd	2	-	8	✓	N/A ^(x)	N/A ^(x)	N/A ^(x)
Shapadu Teguh Pte Ltd					N/A ^(x)	N/A ^(x)	N/A ^(x)
Subsidiaries of Nam Cheong Limited^(v)							
SKOSV Sdn Bhd	5	2	8	✓	31 December 2022	357,157 ^(vii)	4,574 ^(vii)
SKOM Sdn Bhd					31 December 2022 ^(vi)	275,987 ^(vii)	13,195 ^(vii)

Notes:

- (i) The list contains information based on publicly disclosed information on 20 February 2024
- (ii) The list comprises AWBs that are registered with the Marine Department Malaysia
- (iii) Average age of AWBs for each industry player was calculated based on the total age of all vessels and number of vessels the industry player has
- (iv) Ajang Shipping Sdn Bhd is presently a private exempt company and financial information cannot be obtained
- (v) The company is a public listed company or subsidiary of a public listed company
- (vi) The latest financial year end of the company is based on the latest publicly available financial information extracted from the Companies Commission of Malaysia, and may not be the latest financial year end for the company
- (vii) Financial information may include information from businesses not related to AWB chartering and related services
- (viii) Segmental revenue information from offshore support vessel chartering, which may include revenues from chartering of other types of vessels not related to AWB and related services

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



(ix) Includes Grace, Lestari, Compassion, Commander, IMS Aman, Falcon, Laguna Setia 1 and Laguna Setia 2. Does not include smaller accommodation vessels which are AHTS and PSV used for accommodation vessel chartering, i.e. Kindness and Helms 1.

(x) Alam Radiance (L) Inc, Michlyn Express Offshore (L) Berhad, Shapadu Marine Pte Ltd and Shapadu Teguh Pte Ltd are based in Labuan and thus, the financial information of these companies are not publicly available.

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

Market share

Based on the number of chartered days of AWBs that Keyfield Group owns and bareboat charters (where the AWB owner/disponent owner provides the AWB to Keyfield Group on a bareboat charter basis and Keyfield Group sources, recruits and manages all of the required crew members as well as sources for additional services and equipment, otherwise termed as Category 1) of the AWB chartering market size in Malaysia (which is measured by total number of days per annum Malaysian-flagged AWBs were chartered), Keyfield Group garnered the following market share:

Year	Total number of days per annum Malaysian-flagged AWBs were chartered	AWBs owned or bareboat chartered by Keyfield Group ⁽ⁱ⁾⁽ⁱⁱ⁾	
		Total number of chartered days	Market share (%)
2021	4,741	766	16.2
2022	6,812	1,367	20.1
2023(e)	7,467	1,769	23.7

Notes:

(i) Excludes own and third-party vessels which are not AWBs, i.e. smaller accommodation vessels and accommodation work barges.

(ii) Keyfield Group's market share was based on the number of chartered days of AWBs that the Group owns and bareboat charters as these are the number of chartered days where Keyfield Group fully undertakes the provision of onboard services such as accommodation, catering, housekeeping, laundry and medical support services as well as ship management services.

Source: Vessels Value database, Keyfield Group, PROVIDENCE

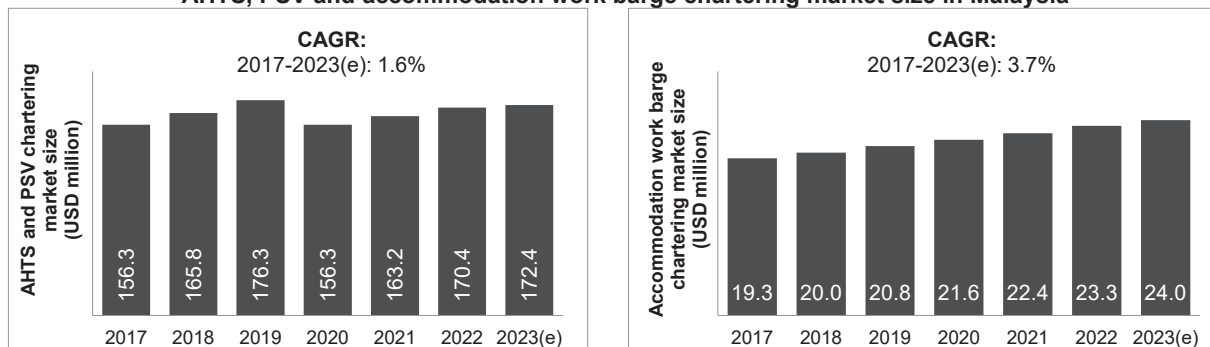
3 OVERVIEW OF THE ACCOMMODATION WORK BARGE, AHTS AND PSV CHARTERING MARKET IN MALAYSIA

An AHTS is a type of offshore support vessel which is used to tow rigs and vessels to a location, as well as to moor or unmoor vessels. The characteristics of an AHTS are that it has tugs and anchors, specially-designed crane(s) (otherwise known as winch(es)), to be attached to the rigs or vessels, and a powerful bollard pull compared to other vessels for the purpose of towing rigs and vessels. Meanwhile, PSVs are used to transport and store equipment and consumables to the offshore oil and gas platforms. PSVs typically have a large open deck area for storing, loading and offloading of supplies and equipment.

Accommodation work barge is a type of offshore support vessel which is used to provide accommodation for crew members working at an offshore oil and gas platform. As such, accommodation work barges have sufficient accommodation facilities for more than 240 persons-on-board and onboard amenities such as laundrette services and entertainment services.

Between 2017 and 2023, the AHTS and PSV chartering market in Malaysia saw an overall growth, from an estimated USD156.3 million (RM672.2 million¹²) to an estimated USD172.4 million (RM787.1 million¹²), at a CAGR of 1.6%. Over

AHTS, PSV and accommodation work barge chartering market size in Malaysia



Note: (e) – estimate. The latest publicly available information for 2023 is an estimate, and is subject to changes

Source: PROVIDENCE

¹² Source: Currency conversion from USD to RM is based on the average annual exchange rates published by Bank Negara Malaysia:
For 2017: USD1 = RM4.3008
For 2023, 2024 and 2025: USD1 = RM4.5653

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



the same period, the accommodation work barge market in Malaysia saw an overall growth, from USD19.3 million (RM83.0 million¹²) to an estimated USD24.0 million (RM109.8 million¹²), at a CAGR of 3.7%. The growth of the AHTS, PSV and accommodation work barge chartering markets from 2017 to 2023 has been mainly driven by the growth in capital expenditure of PACs from RM44.5 billion in 2017 to RM50.1 billion in 2022¹³, which was in line with the increase in crude oil prices over the period (as illustrated in **Chapter 4 – The Upstream Oil and Gas Industry in Malaysia**).

Moving forward, PROVIDENCE forecasts the AHTS and PSV chartering market size in Malaysia to grow from USD174.5 million (RM796.6 million¹²) in 2024 to USD179.7 million (RM820.6 million¹²) in 2026, registering a CAGR of 1.5%, while the accommodation work barge market to grow, from USD24.8 million (RM113.3 million¹²) to an estimated USD26.6 million (RM121.6 million¹²), at a CAGR of 3.6%.¹⁴

4 THE UPSTREAM OIL AND GAS INDUSTRY IN MALAYSIA

This chapter aims to assess the upstream oil and gas industry in Malaysia which is a key market Keyfield Group presently serves.

The upstream oil and gas industry refers to the exploration and production activities of crude oil and natural gas.

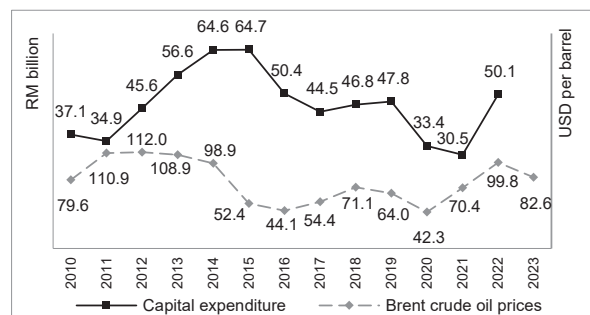
Crude oil and natural gas are products obtained from oilfield sites. Oilfield sites can be discovered offshore or onshore. Oil and gas are considered important resources globally as they are used as transportation fuel, industrial fuel, for electricity generation, as well as in the production of fertilisers, pesticides, and a wide range of industrial products including plastics and polymers, textiles, paints and dyes. As such, the oil and gas industry plays an important role in driving the global economy.

In Malaysia, the oil and gas reserves remained stable between 2010 and 2020. Malaysia's reserves of crude oil and condensates hovered between 4.5 billion barrels and 6.0 billion barrels, while reserves of natural gas in the country hovered between 75.3 trillion cubic feet ("ft³") and 100.7 trillion ft³. The production of crude oil and condensates in Malaysia was also stable as it hovered between 203.4 million barrels and 243.4 million barrels. Meanwhile, the production of natural gas in Malaysia grew slightly between 2010 to 2020 from 71,543 ktce to 72,579 ktce.¹⁵

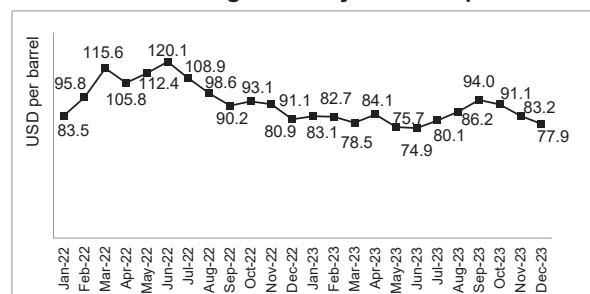
The capital expenditure of PACs is an indicator of the outlook of the upstream oil and gas industry. The PACs' capital expenditure determines the number of new explorations and commissioning of new offshore oil and gas platforms. This is because capital expenditure is influenced by crude oil prices, where falling crude oil prices typically result in capital expenditure reductions. Between 2010 and 2017, the average price of Brent crude oil decreased from USD79.6 per barrel to USD54.4 per barrel. The average price of Brent crude oil witnessed a sharp drop from USD98.9 per barrel in 2014 to USD52.4 per barrel in 2015, due to the strong USD and an oversupply of oil, which was exacerbated by the Organization of the Petroleum Exporting Countries' ("OPEC") stand on retaining production volume and the anticipation of Iran's return to the oil markets. The global oil market remained oversupplied in 2016, with crude oil prices further falling. As a result of the falling crude oil prices, there was a reduction in capital expenditure for the oil and gas upstream industry. Project deferment and reprioritisation measures were also taken, thus resulting in operating expenditure and manpower rationalisation exercises as oil and gas companies sought to maintain profitability. PETRONAS' capital expenditure increased from RM37.1 billion in 2010 to RM64.7 billion in 2015, but declined in 2016 to RM50.4 billion, then further declined to RM44.5 billion in 2017. In 2017, the average price of Brent crude oil increased to USD54.4 per barrel partly due to OPEC's decision to cut oil and gas output. The indication of an oil price recovery, led to renewed investment interest in upstream development works, where PETRONAS cautiously increased its capital expenditure to RM46.8 billion in 2018. In the following year, despite an increase in development projects in Malaysia, PETRONAS still remained cautious by allowing a slight increase of its capital expenditure to RM47.8 billion in the year.

Crude oil prices dropped significantly in 2020, recording an average of USD42.3 per barrel in the year. This was largely due to the COVID-19 pandemic which affected demand for crude oil and caused storage spaces to be limited during

Global average annual crude oil price and capital expenditure in Malaysia



Global average monthly crude oil price



Source: PETRONAS annual reports, International Monetary Fund

¹³ Source: PETRONAS annual reports. Latest publicly available information is as at December 2022.

¹⁴ PROVIDENCE's growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends.

¹⁵ Source: Energy Commission of Malaysia. Latest available data as at 2020.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

the period. As a result, crude oil that could not be sold immediately to buyers had to be offloaded at lower prices due to storage limitations. Nevertheless, as the global economies gradually recovered from the COVID-19 pandemic, more businesses resumed operations leading to a growth in consumption of oil. Since then, crude oil prices continued to rise to an average of USD70.4 per barrel in 2021 in line with the growth in consumption of crude oil.

As a result of the Russia-Ukraine war, Brent crude oil prices reached an average of USD120.1 per barrel in June 2022. The increase in crude oil prices was largely due to a shortage in crude oil in Europe as Russia is one of the world's largest producers of crude oil. Crude oil prices fell from July 2022 onwards due to lower demand for crude oil due to the "zero COVID" policy that was implemented in several major cities in China which led to restrictions in business activities and consequently lower demand for crude oil from China as well as tightening monetary policies in the United States which has led to reduced demand for all products, including crude oil from the country. Crude oil prices continued to fall in 2023, recording an average of USD82.6 per barrel in 2023, due to lower demand globally, particularly from the United States and China. Despite the fall in average Brent crude oil prices in 2023, the PAC's capital expenditures in Malaysia continued to grow, indicating increased demand for offshore support vessels and accommodation vessels to cater for explorations on and commissioning of new offshore oil and gas platforms. Between Q3 2022 and Q3 2023, the PAC's capital expenditure grew from RM27.4 billion to RM34.3 billion.¹⁶

As of December 2021, there are 100 active PACs in Malaysia.¹⁷ Overall, the number of active offshore oil and gas platforms in Malaysia grew from 353 as of March 2018 to 451 as of December 2022.¹⁸ According to PETRONAS, in 2024, 99 wells are planned to be drilled under their Development, Appraisal and Exploration drilling programme. In addition, there will be 11 new structural installations on existing oil and gas development projects including Gansar, SF30, Bekok (Module), Timi (Module), F22, F27, Selasih, F6 VLAP, Rosmari-Marjoram, Kasawari CCS and Jerun CPP, and another 14 oil and gas development projects under review. Further, PETRONAS also plans to charter 28 rigs in 2024, compared to 24 rigs in 2023. Additionally, offshore support vessels are expected to improve in 2024, as 397 of them are expected to be chartered, a rise compared to 337 in 2023.¹⁹ In 2022, PETRONAS has also signed a memorandum of understanding with Sabah Oil & Gas Development Corporation to build Sabah's first largest near-shore floating LNG facility. The facility is estimated to cost RM8.8 billion and is expected to be able to process minimum 2 million tonnes per year of LNG. Upon completion of the LNG facilities, PETRONAS' LNG production from floating LNG plants from 2.7 million tonnes per year to 4.7 million tonnes per year.²⁰

PETRONAS estimates that its capital investment allocation over the next 5 years, i.e. between 2023 to 2027, is expected to be RM300.0 billion, which is 43% higher than the capital investment in the last 5 years i.e. between 2018 to 2022, of RM208.5 billion.¹⁸ This is mainly as a result of scaling up investments in its core business of oil and gas in greenfield and brownfield oil and gas projects, investing in lowering emissions to reduce methane emissions from its natural gas operations by 50% by 2025 and limit operational greenhouse emissions to 49.5 million tonnes of carbon dioxide equivalent, as well as investing in new businesses that are sustainable such as renewable energy (such as solar and wind energy), hydrogen and biofuels.¹⁸

5 PROSPECTS AND OUTLOOK FOR KEYFIELD GROUP

The AWB chartering market in Malaysia has been growing at a CAGR of 6.4% between 2017 and 2023. Although the AWB chartering market in Malaysia has been growing at a CAGR of 20.7% between 2017 and 2019, the local AWB chartering market experienced a fall in market size due to the COVID-19 pandemic between 2020 and 2021. Nevertheless, the AWB chartering market size in Malaysia recovered and grew by 43.7% between 2021 and 2022. Moving forward, PROVIDENCE forecasts the AWB chartering market size in Malaysia to register a CAGR of 6.0% between 2024 and 2026. This is in line with the anticipated growth in the local upstream oil and gas industry, wherein PETRONAS estimates an increase in capital investment allocation from 2023 to 2027 years of 43% as compared to the last 5 years, i.e. 2018 to 2022.

As a key industry player in the AWB chartering market in Malaysia, Keyfield Group stands to benefit from the positive outlook of the AWB chartering market in Malaysia, which will be driven by the local upstream oil and gas industry. In this respect, the Group stands to benefit from the expansion of its fleet of vessels, as it will be able to capture the continuous demand from the local upstream oil and gas industry. In addition, the Group's plans to enhance its vessels' features and capabilities to reduce greenhouse gas emissions and/or be more environmentally sustainable are expected to further strengthen its position in securing new chartering contracts. This is because PETRONAS and PACs are increasingly making conscientious efforts to reduce carbon emissions and be more environmentally sustainable. In particular, PETRONAS has announced its intention to achieve net zero carbon emissions by 2050 and has been implementing initiatives to reduce greenhouse gas emissions and embark on new growth opportunities that are sustainable including renewable energy (such as solar and wind energy), hydrogen and biofuels. Keyfield Group also stands to benefit from the growing accommodation work barge chartering market in Malaysia as it has 1 accommodation work barge, as well as the continuous demand for AHTS and PSV chartering in Malaysia as the Group intends to expand into these markets.

¹⁶ Source: PETRONAS Group Financial Results Announcement Q3 2023

¹⁷ Source: PETRONAS Integrated Report 2022. Latest publicly available information is as at December 2021.

¹⁸ Source: PETRONAS Integrated Report 2022.

¹⁹ Source: PETRONAS Activity Outlook 2024-2026.

²⁰ Source: Energy Voice; 25 April 2022.

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS**8.1.1 We are dependent on the PETRONAS licence and the Umbrella Contract with PCSB**

In order to be eligible to be a panel contractor and/or participate in tenders issued by PCSB, PACs and oil and gas contractors, we must have a valid PETRONAS licence issued by the PETRONAS and meet the SWEC Code requirements for the services which we render to our customers. Such requirements are stated in Section 6.13.

Keyfield Offshore currently possesses PETRONAS licence with the following SWEC Codes:

	SWEC Code	Date first obtained	Expiry date
(i)	21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge	26 June 2018	25 June 2027
(ii)	21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat	28 December 2022	25 June 2027
(iii)	21121518S - The provision of Platform Supply Vessel (PSV)	16 November 2022	25 June 2027
(iv)	21121519S - The provision of Safety Standby/ General Purpose/ Utility Vessel	16 November 2022	25 June 2027

The PETRONAS licence serves as a pre-requisite for Keyfield Offshore to be invited to be a panel contractor with PCSB and PACs, in respect of a specific SWEC Code. It also allows us to be invited to bid for projects by oil and gas contractors. We are dependent on the PETRONAS licence due to this pre-requisite requirement.

The Umbrella Contract with PCSB denotes that PCSB has conveyed the award of a panel contractor to Keyfield Offshore for the provision of accommodation vessel chartering and its related services for the duration of the contract. With the Umbrella Contract with PCSB, we will be invited by PCSB to participate in a tender bidding process in order to secure a Chartering Contract, as and when required.

For the past 3 FYEs and FPE Sep 2023, we have entered into Chartering Contracts with PCSB and 9 PACs, which we earned revenue from. The percentage of our revenue which were contributed by the Chartering Contracts in the past FYEs from PCSB, PACs as well as oil and gas contractors were as follows:

Period	PCSB	PACs	Oil and gas contractors	Total
	%	%	%	%
FYE 2020	27.9	4.1	64.2	96.2
FYE 2021	28.1	8.8	56.5	93.4
FYE 2022	36.8	7.9	53.5	98.2
FPE Sep 2023	57.7	9.8	25.5	93.0

8. RISK FACTORS (Cont'd)

In view of the above revenue contribution earned from PCSB, PACs as well as oil and gas contractors during the FYEs and FPE Sep Under Review, we are dependent on the PETRONAS licence and Umbrella Contract with PCSB. Without the Umbrella Contract with PCSB, we would not be able to generate any revenue from PCSB. Meanwhile, without the PETRONAS licence, we would not be able to be invited to be a panel contractor with PCSB and PACs and we would not be able to be invited to bid for projects by oil and gas contractors. Hence, we would not be able to generate any revenue from PCSB, PACs and oil and gas contractors.

The Umbrella Contract with PCSB may be subject to unilateral termination should we fail to perform a material obligation as required and/or occurrence of any other events for which PCSB has an express right of termination of the Umbrella Contract. For the past FYEs, FPE Sep and up to the LPD, our Group did not fail in performing any such material obligation.

In addition, notwithstanding the invitation to participate in the tender bidding process, there is no guarantee that PCSB will select and engage us among the other service providers who have been awarded the Umbrella Contracts. As a result, there can be no assurance that we will continue to secure Chartering Contracts from PCSB in the future.

The duration of our Umbrella Contract with PCSB is as follows:

- (i) Initial term of 3 years commencing on 26 April 2019, which was the effective date as stated in the Umbrella Contract with PCSB. Such initial term has since concluded on 25 April 2022.
- (ii) Extension term of 2 years upon the conclusion of the initial term for which we have been granted vide a letter from PCSB dated 18 April 2022. The Umbrella Contract with PCSB will expire on 25 April 2024 (date inclusive).

In April 2023, Keyfield Offshore received an invitation to bid from PCSB to tender for the Panel Contractor Contract (PCC) for Offshore Support Vessel (OSV) Services for Petroleum Arrangement Contractors (PACs) in respect of the SWEC Codes which we currently possess. Our PETRONAS licence is a pre-requisite for us to receive such invitation and to be awarded the LOA for the PCC. The PCC will replace the Umbrella Contract upon its expiry in April 2024. As such, we will also be dependent on the PCC should it be awarded to Keyfield Offshore.

In May 2023, Keyfield Offshore submitted the required proposal to PCSB in accordance with the terms of the bid and we are currently awaiting the outcome of the PCC tender as at the LPD. Should Keyfield Offshore be successful in such tender, a Letter of Award will be issued to Keyfield Offshore for the appointment of Keyfield Offshore as a panel contractor to PCSB and the PACs.

In the event that we lose our PETRONAS licence and/or our tender for PCC is not successful, we will lose PCSB, PACs as well as oil and gas contractors as our customers and consequently lose a significant portion of our revenue as we will no longer be invited to bid for new Chartering Contracts and this will have a material adverse financial impact to our Group. Nevertheless, we may continue to carry out existing Chartering Contracts with PCSB, PACs, oil and gas contractors and offshore support vessel owners as our PETRONAS licence is a pre-requisite only at the bidding for contract stage for oil and gas contractors, and our Chartering Contracts do not provide for any termination due to the loss of our PETRONAS licence.

8. RISK FACTORS (Cont'd)**8.1.2 We depend on PCSB as it constitutes a large proportion of our revenue, and the loss of PCSB could adversely impact our financial and business performance**

PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue. We believe that PCSB will continue to contribute substantially to our Group's revenue in the foreseeable future as we have been actively tendering and have secured various Chartering Contracts from PCSB.

The loss of PCSB will have a material adverse impact on our business, financial condition, operations and prospects if we are not able to secure replacement Chartering Contracts from other customers to cushion such impact in the respective year.

8.1.3 We incur operational costs during the period when our own vessels and our bareboat chartered vessels are off-hire

When our own vessels and our bareboat chartered vessels are not chartered by any charterer (referred to as off-hire days / period), we incur daily operational costs on our own vessels and our bareboat chartered vessels, such as daily crew cost, berthing fees and marine gas oil.

During the off-hire period, the location of our vessels is as follows:

Duration of off-hire period	Location of our vessels	Costs to be incurred⁽²⁾
Less than one month	Anchorage area ⁽¹⁾ of various ports in Malaysia, such as Labuan and Kemaman anchorage areas	Daily costs between RM15,000 to RM20,000 comprising crew cost (15 to 20 crew members) and marine gas oil. The vessel's engine will be shut off while the generators will be kept running
More than one month	Berthed at shipyard or port	Daily costs between RM5,000 to RM10,000 comprising crew costs (8 to 10 crew members) and berthing fees. Marine gas oil costs are not incurred. The vessel's engine and generators will be shut off

Notes:

⁽¹⁾ An anchorage area is a designated location typically 3 to 5 kilometres away from the shore, where ships and vessels can anchor safely and remain stationary.

⁽²⁾ In respect of Daya Indah Satu and Daya Ceria, we will also incur bareboat DCR during the off-hire period, as disclosed in Section 8.1.14.

8. RISK FACTORS (Cont'd)

The table below shows the average off-hire period for our own vessels and bareboat chartered vessels, and the total off-hire costs incurred by our Group:

	⁽¹⁾ Average off-hire period per vessel (days)	⁽²⁾ Total off-hire costs (RM'million)
FYE 2020	95	1.0
FYE 2021	127	5.2
FYE 2022	111	10.6
FPE Sep 2022	65	8.5
FPE Sep 2023	37	5.7

Notes:

(1)

$$\text{Average off-hire period (days)} = \frac{\text{Total available charter days per year} - \text{Number of chartered days}}{\text{Number of own and bareboat chartered vessels}}$$

(2) These costs have been included as part of our cost of sales for the respective FYEs and FPE Sep Under Review, under the categories of 'own crew costs' and 'vessel operation and maintenance cost'. The total off-hire costs increased from FYE 2020 to FYE 2022 in tandem with the increase in number of own vessels and bareboat chartered vessels. Meanwhile, the total off-hire costs in FPE Sep 2023 was lower than FPE Sep 2022 due to the lower average off-hire period per vessel.

Such daily operational costs have a direct impact on our financial results, especially since the vessels do not generate any income during such off-hire period.

In the event where vessels will not be chartered for a period of time above one month, we will berth the vessels at a shipyard or port, which will allow us to save on marine gas oil costs as we are able to use shore electricity supply to power our vessels, as well as to reduce the daily crew costs. Further, we endeavour to plan our scheduled repairs and maintenance work for our own vessels and our bareboat chartered vessels, including dry-docking, during the off-hire period to enable us to save on berthing fees.

However, there is no guarantee that we will be able to carry out such cost-saving measures effectively and as such, any prolonged off-hire period for our vessels will have a material adverse effect on our financial results.

8.1.4 A majority of our Chartering Contracts are short-term in nature and may be subject to delays, and/or termination by our customers without compensation

(i) Short-term in nature

Generally, works outsourced by PCSB, PACs, oil and gas contractors or offshore support vessel owners to external service providers will be done on a tender or negotiated basis. The tender or negotiation processes typically lasts between 30 days and 45 days. The charter period for our own and third party vessels are generally short-term ranging from 1 to 8 months, of which some of our Chartering Contracts contain options to extend the charter term at the option of our customers.

8. RISK FACTORS (Cont'd)

We have, nevertheless, secured the following Chartering Contracts which are longer term in nature, i.e. lasting 1 year or more:

- (a) A Chartering Contract with a PAC for the charter of Blooming Wisdom, for a period of 3 years until end of 2026. This Chartering Contract will commence in April 2024;
- (b) A Chartering Contract with an oil and gas contractor for the charter of Kindness, for a period of 3 years plus extension option of another two years. This Chartering Contract commenced in May 2023;
- (c) A Chartering Contract with an oil and gas contractor for the charter of Nadira, a third party vessel, for a period of 3 years plus extension of another two years. This Chartering Contract commenced in September 2023; and
- (d) A Chartering Contract with an oil and gas contractor for the charter of Helms 1, for a period of 3 years plus extension option of another two years. This Chartering Contract is expected to commence in May 2024.

(ii) Subject to delays

As our other Chartering Contracts are not on a long-term basis, there is no assurance that we will be able to consistently secure new Chartering Contracts through tender or negotiation processes nor our customers will continue to engage our services upon the completion of our existing Chartering Contracts.

After obtaining the LOA from the customer, we typically hold various meetings between our Group and our customers to determine the commencement date of the Chartering Contract. However, we are subject to risks of delays or postponement in the commencement of the Chartering Contract due to unforeseen circumstances or a delay requested by our customers during this period. The vessel will have to remain idle if we cannot secure another Chartering Contract in time, or if the time period between the original commencement date and postponed commencement date is too short to undertake another Chartering Contract. Furthermore, there is no provision for any compensation clause in our Chartering Contracts with our customers, should there be a delay in the commencement date as there is also no penalty clause imposed on us should the cause of the delay be attributed to us.

As there is no provision for any compensation clause in our Chartering Contracts, any delays could result in a loss of business opportunity for us, consequently resulting in a loss in potential revenue for us. For the FYEs and FPE Sep Under Review, we had faced delays in the commencement of our Chartering Contract as a result of COVID-19 induced delays as detailed in Section 6.7.4, which resulted in a loss of revenue of approximately RM2.5 million and additional cost of approximately RM0.5 million. It should be noted that notwithstanding a delay in the Chartering Contract, the total number of days to be chartered usually remains unchanged and thus, will not materially affect the potential revenue to be obtained from the Chartering Contract.

8. RISK FACTORS (Cont'd)

In respect of the Chartering Contracts with third party vessel owners/disponent owners, there is also no provision for any compensation clause should there be a delay in the commencement date. In addition, the DCR to be paid to third party vessel owners/disponent owners will only commence upon the signing of the on-hire certificate for the third party vessel. As the on-hire certificate for the third party vessel is signed upon commencement of the Chartering Contract, we will not be paying for the DCR to the third party vessel owner/disponent owner until the Chartering Contract commences and thus, any delays in commencement of the Chartering Contract will not result in us incurring higher cost.

(iii) Termination without compensation

After the Chartering Contract is secured, these Chartering Contracts may also be subject to termination due to various reasons, depending on the clauses presented in the said contract. These reasons may include, amongst others, requisition or confiscation of the vessel or vessel flag by an authority, bankruptcy, loss or missing vessel, vessel breakdowns or equipment failure, force majeure events, and any other breaches of our obligations under the Chartering Contract. The Chartering Contract may also be subject to unilateral termination by the customer, which may or may not result in a compensation sum payable to us, depending on our negotiation with our customer, which is a practice used in our industry.

In respect of Chartering Contracts utilising our own vessels, there is a risk of loss of potential income to our Group should the Chartering Contract be terminated with no or insufficient compensation sum allocated to us, and we are unable to re-deploy our vessels for other Chartering Contracts. In cases where third party vessels are utilised, we typically do not incur any costs as we mirror the respective termination clauses with those contained in the Chartering Contracts between us and our customer, in the chartering contracts between us and our supplier.

In FYE 2020, a Chartering Contract was unilaterally terminated by our customer, without providing any reason nor any compensations paid to us. We had terminated the Chartering Contracts with the respective third party vessel owner/ disponent owner at the same time and thus, we did not incur any costs in chartering the third party vessel after the contract were terminated. As a result of early termination of our Chartering Contract mentioned above, we were not able to record net charter income of RM0.5 million for the remaining period of the Chartering Contract.

8.1.5 Our business and operations are exposed to unexpected interruptions caused by outbreak of diseases, including the COVID-19 pandemic, which may lead to interruptions in our operations

Our business is subject to disruptions caused by outbreak of diseases, including the COVID-19 pandemic.

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. Our Group serves the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining confirmation on 23 March 2020 from PCSB that oil and gas sector is an essential sector, our Group had continued to operate during the MCO period with adherence to the standard operating procedures as set by the Government of Malaysia.

8. RISK FACTORS (Cont'd)

Nevertheless, our Group experience adverse effects from the COVID-19 pandemic and the MCO, as detailed below:

- (i) In respect of Chartering Contracts (including third party vessels) which had been awarded but yet to commence, there was a delay in the commencement date during the MCO period. In the initial months of MCO (between 18 March 2020 and 4 May 2020), some of our Chartering Contracts were deferred. These delays resulted in a corresponding deferment in recognising revenue from the Chartering Contracts and a loss in number of days available for charter during the year. As a result, this led to a loss of 60 chartered days, translating to a loss of revenue of approximately RM5.0 million. There were no material costs incurred by us due to these delays as we were able to deploy our accommodation vessels for other Chartering Contracts during the MCO period which minimised any financial impact;
- (ii) With the COVID-19 pandemic, various SOPs set by the relevant ministries and/or government agencies were imposed since the MCO was implemented on 18 March 2020. Challenges faced by our Group as a result of these SOPs include the following:
 - (a) Challenges in obtaining various services due to closure of business premises, as well as movement of our crew due to the cancellation/ rescheduling of flights, before signing on for vessel on-hire could take place;
 - (b) Challenges and delays for our customers to obtain the necessary parts and materials and for their crew to commence their maintenance/service works, thereby resulting in a delay in vessel on-hire and a delay in the commencement of DCRs being charged by our Group to our customers;
 - (c) Our crews are required to be quarantined for the stipulated period by relevant authorities on land before signing on to, and after signing off from, the vessels which we are operating, to ensure that they are COVID-19 negative and the costs associated with such quarantine periods are borne by our Group;
 - (d) Our Group is required to arrange for COVID-19 tests for our crews at clinics approved by Kementerian Kesihatan Malaysia (KKM) prior to signing on to and after signing off from the vessels which we operate, at our cost; and
 - (e) All the necessary personnel protective equipment and related consumables required to be used under the SOPs are required to be maintained by our Group at all times, to ensure our state of preparedness for the new norm.

The above challenges have resulted in our Group facing a more challenging business operating environment and additional costs incurred in complying with SOPs introduced by the authorities. Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.1 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include costs of a similar nature for which we were reimbursed by our customers.

As our Group operates in the oil and gas industry which is one of the essential sectors, we were allowed to continue our operations during subsequent MCOs (implemented during 2021). However, there were various operational challenges which needed to be met, including:

8. RISK FACTORS (Cont'd)

- (i) Travel restrictions for our customers' offshore personnel and our crew members to offshore locations which delayed the chartering of our vessels, and quarantine requirement prior to signing on to our vessels; and
- (ii) Delays in project implementation by our customers due to, among others, shutdown of production facilities which affected the timeline for them to mobilise the materials required for their projects.

There is no assurance that the outbreak of COVID-19 pandemic or any other diseases in Malaysia can be effectively controlled, or that another outbreak of COVID-19 pandemic or other diseases will not happen in the future. Other outbreak or pandemics may materialise in the future and could persist for a substantial period, and this may materially and adversely affect our business operations and financial performance.

Additional details on interruptions to our business operations are set out in Section 6.7.4.

8.1.6 We are operating in a highly regulated industry and we require a series of approvals, licences, permits, registrations and certificates to operate our business

Our Group requires a series of approvals, licences, permits, registrations and certificates to operate our businesses. Additionally, we are operating in a highly regulated industry whereby we are required to comply with the requirements of laws, regulations, rules and directives from relevant authorities, the non-compliance of which could result in substantial civil and criminal penalties which in turn may also result in the termination of all our contracts with our customers.

There were no incidences of any penalties for non-compliance or non-compliance with the terms and conditions of the licences, permits, registrations and certificates in the past nor had we encountered difficulties in renewing of our licences and permits in the past. Any non-renewal of licences and permits in a timely manner may have material adverse effects on our business, financial condition, operations and prospects.

8.1.7 We face competition from other industry players

Our Chartering Contracts are awarded through competitive bidding processes and/or on negotiated basis upon satisfaction of certain pre-qualification criteria, amongst others, our experience in vessels operation, the age and condition of our vessels, the type and technical capabilities of our vessels and the safety records. If any of the aforementioned pre-qualification criteria are not met, we may not qualify to bid and/or negotiate for new Chartering Contracts which could adversely affect our business, financial condition, operations and prospects.

For Chartering Contracts that are awarded through tender bidding processes, we may not be able to negotiate for favourable DCRs. If the DCRs are not as per anticipated and the bid proposals submitted by our competitors are of lower DCRs, we may not be able to secure the Chartering Contracts which could in turn adversely affect our revenue and profitability. Typically, vessel owners and charterers are required to participate in a tender bidding process in order to directly secure Chartering Contracts with PCSB and PACs. Thus, we began to directly participate in tenders by PCSB and PACs after we were awarded the LOA For Umbrella Contract in 2019. During the FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, 32.0%, 36.9%, 44.7% and 67.5% of our Group's total revenue were derived from bidding process, respectively.

8. RISK FACTORS (Cont'd)

For Chartering Contracts that are procured through submission of proposals after receipt a request for proposal, in the event where the DCR that we propose to our customers are not accepted by our customers or our customers require lower DCR during period of low demand, we may lower our DCR or we may not be awarded the Chartering Contracts.

The failure to secure new Chartering Contracts or Chartering Contracts with favourable contract terms could materially affect our business, financial condition, operations and prospects.

8.1.8 We operate in highly capital-intensive industry and we require high levels of financing

The accommodation vessel industry is a capital-intensive industry which requires high levels of financing as we expand. We have incurred high level of capital expenditure as we expanded the fleet of our own vessels. Our acquisition cost for the fleet of our own vessels, and the source of funds used for their acquisition, is detailed in Section 6.4.1.

We have incurred high level of funding as we expanded our business and our fleet size. The amount incurred for acquiring own vessels is disclosed in Section 6.4. Additional information on our borrowings and funding received are set out in Sections 11.4 and 11.5.

Our ability to service our debts and other contractual obligations will depend on our future operations and cash flow generation, which in turn will be affected by various factors which may be beyond our control.

Our ability to obtain additional financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, cost of financing of financiers, monetary and fiscal policies as determined by the Government of Malaysia, credit availability from financial institutions, stringent conditions imposed by the financial institutions before any financing facilities can be drawn down such as having valid requisite licences for our vessels and secured Chartering Contracts, the continued success of our operations and other laws that are conducive to our raising capital. If we are unable to raise adequate financing in a timely manner and on acceptable terms, or at all, our business, financial condition, operations and prospects could be adversely affected.

There is no assurance that we will have sufficient capital resources to acquire vessels and equipment required to expand our fleet size in the future. While we expect our cash on hand, cash flow from operations, proceeds from our Public Issue and available borrowings under our credit facilities to be adequate to fund our existing and future commitments, our ability to pay these amounts is dependent upon the continued success of our business and operations.

8.1.9 We are required to comply with HSE laws, regulations and/or policies that govern the oil and gas industry

We are currently subject to HSE laws, regulations and/or policies which govern the oil and gas industry and a breach of which may result in amongst others, the revocation of our licences, suspension of our vessels and imposition of fines and penalties by the relevant authorities.

HSE laws, regulations and/or policies address, among others, occupational safety and health of employees when they perform their jobs and the effect that performing those jobs may have on the environment. We are subject to audits on our ship management system, including HSE management and processes, which are carried out by the Marine Department Malaysia and as part of the Offshore Vessel Management and Self-Assessment (OVMSA) requirements to ensure that it complies with their requirements.

8. RISK FACTORS (*Cont'd*)

Failure to comply with any relevant laws, regulations and/or policies, as well as injuries or other harm caused by such failure, may result in financial penalties, administrative or legal proceedings against us including the termination or suspension of our business activities. This may disrupt our operations and could have a material adverse effect on our business operations.

Since the commencement of our chartering operations up to the LPD, there have been no incidences of non-compliance of applicable HSE laws, regulations and/or policies by our Group. However, there can be no assurance that we will continue to remain in compliance with applicable HSE laws, regulations and/or policies as we carry out our business. In addition, there can be no assurance that we will not be involved in future litigations or proceedings relating to regulatory matters, of which the cost could be material.

8.1.10 We are subject to vessels operating hazards beyond our control and our vessels may suffer damages due to unforeseen circumstances and we may face unexpected repair costs in the event where our insurance compensation does not sufficiently compensate for the damages caused to our vessels

Our operations are subject to ocean-going vessels' inherent risks, some of which are beyond our control whilst some of which are somewhat within our control, for instance:

Risks beyond our control

- Adverse sea and weather conditions;
- Infectious communicable diseases; and
- War, sabotage, piracy and terrorism risks.

Risks that somewhat within our control

- Equipment failures;
- Crew negligence resulting in collisions and fire;
- Labour shortages and strikes; and
- Damage to and loss of vessels.

Any of these circumstances or events could pose a threat to the safety of our personnel and damage to our vessels and equipment as well as environment. If our vessels suffer damage, they may need to be repaired and the costs of repair and maintenance can be substantial. Whilst our vessels are insured and depending on the nature and cause of the damages to our vessels, our insurers may not sufficiently pay for repair and maintenance costs and we therefore may have to pay substantial repair and maintenance costs. The loss of earnings while these vessels are being repaired and reconditioned is not covered by insurance in full and thus these losses, as well as the actual cost of these repairs, would decrease our earnings.

As such, in the event of the occurrence of any of these events, we could be required to suspend our operations. As such, we could experience loss of revenue and we may potentially be liable to substantial claim from any third parties for damages caused to them. To the extent where our insurances are unable to cover compensation claimed from the third parties, our business, financial condition and operations will be adversely affected.

Since the commencement of our chartering operations up to the LPD, there have been no occurrences of any of the abovementioned circumstances and events that have caused material impact to our business operations. However, there can be no assurance that this will not occur in the future.

8. RISK FACTORS (Cont'd)

8.1.11 We are dependent on our key senior management and key technical personnel as well as our ability to hire and retain skilled and qualified employees and crew members

Our success will depend to a significant extent upon the abilities and continuing efforts of our key management, in particular, our Group CEO, Darren Kee and our Group COO, Mohd Erwan, who have been actively involved in our Group's operations since the founding of our business. Over the past years, Darren Kee has been instrumental in charting our business direction and managing our strategic development. He is also key to our existing relationships with our customers and in securing new Chartering Contracts for our Group whilst Mohd Erwan has been playing an important role in leading our technical teams and overseeing the operational compliance for each Chartering Contract undertaken by our Group.

We have not identified suitable successors for our Group CEO and Group COO and are thus dependent on them in growing our Group's business and securing new Chartering Contracts. Nevertheless, as some of our Board of Directors have relevant experience in the oil and gas and marine industries, they can assist to identify potential future successors for our Group CEO and Group COO.

Our key management team also has the necessary experience and qualifications to oversee the day-to-day operations of our Group, and our Group's employees are well-trained in undertaking their respective roles. We have also put in place management succession plans which include grooming and training low and mid management staff, as detailed in Section 6.7.9.

Our success will also depend on our ability to recruit and retain skilled and qualified employees and crew members. As we expand our fleet, our key management will need to recruit suitable additional seafarers and shoreside administrative and management personnel. The recruitment and retention of key skilled and qualified employees could be challenging as we are operating in a niche industry with competitive employment market. We cannot guarantee that we will be able to hire suitable qualified employees in the future, as and when we have a Chartering Contract.

8.1.12 Inadequacy of insurance coverage may cause significant loss and damage to us

The operation of our vessels would involve inherent operating hazards and the occurrence of which may result in damage to or loss of our vessels and other property and injury to passengers and personnel on board.

We have obtained hull and machinery insurance, protection and indemnity insurance, and mortgagee interest insurance for our own vessels. In addition, we have also obtained hull and machinery insurance and protection and indemnity insurance for Daya Indah Satu and Daya Ceria which we charter on a bareboat basis.

We believe that our insurance coverage is sufficient. However, subject to the nature of the claims, the insurers may not pay for claims which are not within their insurance policies. Our insurance policies contain deductibles for which we will be responsible, limitations and exclusions. Moreover, insurers may default on claims they are required to pay. If our insurance is not enough to cover potential claims that may arise, the deficiency may have a material adverse effect on our business, financial condition and operations.

8. RISK FACTORS (Cont'd)**8.1.13 Our business operations may be exposed to liquidity and credit risk as a result of delay in collection or non-recoverability of trade receivables and/or other receivables**

Our Group usually grant credit terms ranging from 30 to 120 days to our customers. We also have Chartering Contracts without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms, which are common in our industry apply to oil and gas contractors and offshore support vessel owners for which we have established business relationship for several years, and the credit period are usually longer than those with fixed credit terms.

The summary of our Group's invoices and credit terms are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Invoices with fixed credit terms	48,178	104,727	204,689	147,184	276,050
Invoices without fixed credit terms	27,053	35,029	31,515	21,417	34,868
Total	75,231	139,756	236,204	168,601	310,918
% of sales with fixed credit terms	64.0	74.9	86.7	87.3	88.8
% of sales without fixed credit terms	36.0	25.1	13.3	12.7	11.2

As at the LPD, we have 2 customers without fixed credit terms. These customers will pay us on a back-to-back basis as and when they receive payments from their customers (who are either PCSB or PACs). Please refer to Section 11.7.1 for further details of the trade receivables amount without fixed credit terms.

We obtained the PETRONAS licence in 2018 and were awarded LOAs For Umbrella Contracts and Umbrella Contracts to be a panel contractor, enabling us to directly participate in tenders by PCSB other PACs since 2019. Arising from such tenders which we won, we have earned revenue from PCSB and PACs, which are generally larger and more reputable companies and these usually accord fixed credit terms. Hence, we were able to reduce the proportion of our Group's trade receivables without fixed credit terms.

In mitigating our exposure to the risk of delays in collection or non-recoverability of our trade receivables for Chartering Contracts without fixed credit term, our Group has stringent criteria for the selection of customers whereby we selectively submit tenders to customers who are reputable, established and/or have good business relationships with us, amongst other factors. Further, we constantly monitor the progress of the Chartering Contracts and are in frequent communication with our customers and the end customers to ensure the risk of a delay in payment from our customers is minimised when they receive payments from the end customers. Legal action can be taken against the customers to recover our trade receivables if we discover that the customers had failed to pay our invoices upon receiving payments from the end customers. Prior to tendering for projects of which payment will be made on a back-to-back basis, we will also assess our cash flows, and cash and cash equivalents to ensure that we always have sufficient working capital to meet our operating requirements and capital expenditure and commitments. In view of these factors, we have not faced any constraints in our Group's cash flow arising from such credit terms.

8. RISK FACTORS (Cont'd)

To manage the potential liquidity risk as a result of an extended delay in payment from our customers without credit terms, our Group has also negotiated with the owners of the vessels which we charter from for payment without credit terms and on a back-to-back basis to match our trade receivables without credit terms.

In the FYE 2021 and 2022, our Group had encountered instances of a delay in collection or non-recoverability of trade receivables, resulting in our Group recording allowance for impairment losses on trade receivables amounting to RM5.1 million and RM4.3 million respectively. Out of this, a total amount of RM8.6 million was in relation to the amount owing by Sapura Pinewell Sdn Bhd ("Sapura Pinewell"), a subsidiary of Sapura Energy Berhad ("Sapura"). Sapura is a company listed on the Main Market of Bursa Securities and is classified as an affected listed issuer under PN17 of the Listing Requirements.

The balance amount of RM0.8 million was due from Shapadu Energy Services Sdn Bhd for which an allowance for impairment loss had previously been made in FYE 2021 as the amount has been overdue for more than 1 year. Subsequent to FYE 2021, our Group is of view that the amount was no longer recoverable and as such it was fully written off in FYE 2022.

In view of the long outstanding debt, the financial condition of Sapura and various winding-up petitions served on of Sapura Pinewell, we have made the above allowance for impairment loss, representing 100% of the amount owed to us by Sapura Pinewell.

Currently, the Sapura Group is undergoing a proof of debt exercise whereby its creditors are to submit various documents to support the outstanding debts due from them. Our Group has already submitted all such documents and Sapura Group has acknowledged the proof of debt due to us. We are currently awaiting the next course of action by Sapura Group in addressing the amount due to us.

In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses which has been made in FYE 2021 and FYE 2022, in the financial year(s) in which we recover such amounts.

To manage the risk of further non-recoverability of trade receivables from the Sapura Group, we have, since first quarter 2022, imposed strict credit terms on this group of companies, whereby we will only provide our services to them after they have paid us in advance for such services.

Whilst we closely monitor the recoverability of our overdue trade receivables on a regular basis, an extended delay in payment from our customers, or failure to collect our outstanding trade receivables, will have a material and adverse effect on our business, results of operations and liquidity.

8.1.14 Our financial performance and position may be affected due to the financial commitment of payment for bareboat DCR in the event we are unable to charter out Daya Indah Satu and Daya Ceria which we have bareboat chartered

Our Group has entered into the following bareboat charter arrangements, both of which were formalised via bareboat charter agreements:

- (i) Arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Indah Satu for a period of 1 year from 1 November 2022 until 31 October 2023, with an extension of 1 year at our Group's option, which has been exercised by us; and

8. RISK FACTORS (Cont'd)

- (ii) Arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Ceria for a period of 1 year from 18 July 2023 to 17 July 2024, with an extension of 1 year at our Group's option.

Under the above bareboat charter arrangements, our Group is required to pay bareboat DCR to its owner notwithstanding whether we manage to charter out the vessels and/or if the vessel(s) have broken down and therefore unable to be chartered out or if the Chartering Contracts being carried out are terminated due to various unforeseen circumstances such as vessel breakdowns or equipment failure. The total DCR to be paid for the bareboat charters of Daya Indah Satu and Daya Ceria is RM11.1 million cumulatively for one year, plus another RM11.1 million if our Group exercise the respective extension options as stipulated above.

Such financial commitment may materially adversely impact our business, financial condition and operations if we are unable to charter out Daya Indah Satu and Daya Ceria which we have bareboat chartered and either one or both of these vessels remain idle for an extended period of time.

As at the LPD:

- (i) Daya Indah Satu has been awarded a contract to a customer which will commence in February 2024 for a firm period until July 2024 and a further 45 days' extension at the charterer's option; and
- (ii) Daya Ceria is chartered for a firm period until October 2023 and the contract was further extended until 4 March 2024.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 Our business operations and financial performance is subject to the inherent risks of the upstream oil and gas industry in Malaysia as well as other countries we may expand into

We own, operate and charter accommodation vessels to provide accommodation and various onboard services such as accommodation, housekeeping, laundry and medical support services to the upstream oil and gas industry. As we serve the upstream oil and gas industry, our business is dependent on offshore oilfield activities.

As our accommodation vessels can be utilised throughout the entire lifecycle of an offshore oilfield project, we are less susceptible to lower levels of offshore oil and gas exploration and development activities relative to other types of offshore support vessels. This is because existing offshore oil and gas platforms will require offshore personnel to constantly operate and maintain, and these offshore personnel will in turn require lodging facilities thus creating demand for accommodation vessels.

However, in the event there is a significant drop of oil and gas prices over a prolonged period of time, this will result in lower levels of offshore oilfield activities in general. In this context, the demand for accommodation vessels may correspondingly reduce as there are less offshore personnel required to operate and maintain new and existing offshore oil and gas platforms.

As we serve the upstream oil and gas industry, lower demand for accommodation vessels from the oil and gas industry in Malaysia as well as countries which we may expand into will affect our business, financial condition, operations and prospects as our vessel charter and utilisation rates may decrease.

8. RISK FACTORS (Cont'd)**8.2.2 The offshore oil and gas industry is subject to governmental regulations**

The extraction and transport of oil and gas at sea is subject to inherent risk, such as blow-outs, equipment defects, accidents and crew safety, discharge of pollutants and oil spills, malfunctions, equipment failures and misuses of vessel and related equipment by the crew that could cause significant environmental damage, personal injury or loss of life and commercial damage (which refer to breaches in our Chartering Contracts in delivering our chartering services). Therefore, our operations are subject to local and international regulations in jurisdiction where our accommodation vessel operate and the countries in which our accommodation vessels are registered, as well as in jurisdictions where we intend to operate in.

In particular, we are presently subject to relevant environmental conventions, protocols and regulatory framework under the International Maritime Organization (IMO), which outlines a range of regulations to prevent pollution from ships, including rules on oil pollution, sewage, garbage disposal and air pollution. We have adopted measures to comply with such requirements, and have implemented, and intend to continue to implement, further steps and policies to reduce our environmental impact. However, compliance with such conventions, protocols and regulatory framework can require significant expenditures and a breach may result in imposition of fines and penalties, some of which may be material. In addition, such conventions, protocols and regulatory frameworks may evolve to result in stricter standards and enforcement, and larger fines and liability, and there is no assurance that our present measures are sufficient in the future. The costs of complying to stricter standards and enforcements may result in a material increase in our costs of operating our fleet, which could materially and adversely affect our financial condition, results of operations and prospects.

An oil spill or discharge of pollutants into the air may give rise to liabilities to government authorities and third parties for containment, clean-up and other damages that may arise. We could also be imposed with fines, penalties and sanction, revocation of our licences and permits and prohibition from continuing our operations, and the occurrence of any of which could have material adverse effect on our business and our reputation. Changes in environmental laws may also expose us to liability for the conduct of or conditions caused by others, or for acts which were in compliance with all applicable laws at the time such actions were taken.

We are also required by our customers to maintain high standard of health, safety, security and environment precautions in the course of our operations. Any failure to maintain such standards may result in the cancellation of our existing Chartering Contracts and it will affect our chances to tender for new Chartering Contracts.

We have not encountered any such occurrences in the past and such risk has not materially and adversely affected our operation in the past. However, there can be no assurance that we may not be affected by this risk in the future.

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8. RISK FACTORS (Cont'd)**8.2.3 We may be affected by a significant change in PETRONAS' licencing policies towards oil and gas industry**

In addition to the Malaysian laws, regulations and government policies, the oil and gas participants are to comply with the licencing requirements and policies imposed by PETRONAS. PETRONAS' current policies in Malaysia towards the oil and gas industry include the imposition of licencing/registration requirements and under these policies, only companies with valid licences/registration may supply goods, products and services to the upstream sector of the oil and gas industry in Malaysia. Typically, any significant change of PETRONAS' licencing policies towards oil and gas industry such as the relaxation or liberalisation of licencing/registration requirements for the provision of goods, products and services related to the oil and gas industry or permitting foreign suppliers to operate in Malaysia without restrictions may result in the change of participants in the oil and gas industry.

Therefore, our business is subject to PETRONAS' licencing policies and any fundamental change in those policies would have a material adverse effect on our business, financial condition, operations and prospects.

8.2.4 We are exposed to political, economic and regulatory risks in Malaysia and other geographical markets where we may expand into

As at the LPD, we derive all of our revenue from Malaysia while we may derive our revenue from other geographical markets in the future, should such opportunities arise. As such, any adverse developments or uncertainties in political, economic or regulatory conditions in Malaysia or other countries, as well as occurrence of force majeure events, such as terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters whether globally or in Malaysia could unfavourably affect our financial and business prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, interest rates and foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies and regulations.

The occurrence of any of these events is beyond our control and may have an adverse impact on the demand of our vessels or cause interruptions and delays in the performance of our work. As a result, our business operations and financial performance will be adversely affected.

As at the LPD, we have not experienced any adverse political, economic and regulatory changes or any force majeure events (save for the COVID-19 pandemic) which has had a direct impact on our business operations. Please refer to Section 8.1.5 for further details relating to the impact of COVID-19 pandemic on our business operations and financial performance. Further, we also cannot assure you that our plans to expand our business will not be adversely affected by the changes in political, economic and regulatory conditions and force majeure events in Malaysia and other countries we may expand into.

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8. RISK FACTORS (Cont'd)

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the Main Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the Main Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) The selected investors fail to subscribe for the IPO Shares. In such an event, our Joint Placement Agents may require more time to secure other investors to reallocate such IPO Shares;
- (ii) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (iii) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8. RISK FACTORS (Cont'd)

8.3.3 The trading price of our Shares following our Listing may be volatile

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

8.3.4 We may not be able to pay dividends

As part of our Board's guidance on dividends, we aim to declare a certain portion of our retained earnings for the year, subject to the approval of our Board and to any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. Kindly refer to Section 11.13 for further details of our dividend policy.

We propose to pay dividends after setting aside the necessary funds for capital expenditure and working capital and taking into account applicable restrictive covenants under our financing documents such that any declaration of dividends shall not exceed our distributable profits. We believe that we have sufficient working capital for the next 12 months from the date of this Prospectus, based on our cash generated from our operating activities, cash and bank balances, credit facilities and the gross proceeds of approximately RM188.1 million that we expect to raise from our Public Issue. However, there can be no assurance that our working capital will be sufficient or that we will be able to make dividend payments in the future. Even if we are able to pay dividends, our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends that we currently propose. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends. If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Our Company is a holding company and substantially all of our operations are conducted through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our Company's principal source of income. Our Company and subsidiaries may also enter into financing agreements which could further limit our ability to pay dividends, and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

8. RISK FACTORS (Cont'd)

8.4 OTHER RISKS**8.4.1 Our Promoters and substantial shareholders will be able to exert significant influence over our Company**

Our Promoters and Substantial Shareholders will hold 69.5% of our enlarged share capital upon Listing. Because of the size of its shareholdings, our Promoters and Substantial Shareholders will have a majority vote which can decide the outcome of certain matters requiring the vote of our shareholders unless it is required to abstain from voting by law and/or as required by the relevant authorities.

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9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, Substantial Shareholders, key senior management personnel and/or persons connected with them for the past 3 FYEs, FPE Sep 2023 and up to the LPD.

No.	Transacting parties	Interested persons	Nature of transaction	Value of transactions				
				FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)
(1)	- Keyfield Offshore - Lavin Group	- Lavin Group is our Substantial Shareholder - Lavin Group was a substantial shareholder of Keyfield Offshore	Subscription of 14,750,000 ordinary shares in Keyfield Offshore	10,001 (8.1% of our Group's NA)	-	-	-	-
(2)	- WCL - Keyfield Marine - Jingjiang Nanyang Shipbuilding Co Ltd - Nantong Shunyang Trade and Development Co Ltd	- Darren Kee is a substantial shareholder and director of WCL - Darren Kee is our Promoter, Substantial Shareholder and Director - Darren Kee is a director of Keyfield Marine	WCL novated its rights, interests, benefits, obligations and liabilities under the LS2 Shipbuilding Contract dated 1 December 2015 for the construction of LS2 by Jingjiang Nanyang Shipbuilding Co Ltd and Nantong Shunyang Trade and Development Co Ltd to Keyfield Marine	⁽¹⁾ 70,984 (USD17,000) (57.4% of our Group's NA)	-	-	-	-
(3)	- Lavin Group - Keyfield Offshore	- Lavin Group is our Substantial Shareholder - Lavin Group was a substantial shareholder of Keyfield Offshore	Advances from Lavin Group to Keyfield Offshore	⁽²⁾ 58,846 (USD14,050) (47.6% of our Group's NA)	⁽³⁾ 4,153 (USD1,000) (2.9% of our Group's NA)	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Interested persons	Nature of transaction	Value of transactions				
				FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)
(4)	- Our Company - Keyfield Offshore	- Darren Kee, Kate Ooi and Mohd Erwan are Promoters and Substantial Shareholders of Keyfield - Darren Kee and Mohd Erwan are Directors of Keyfield - Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore	Acquisition by our Company for the entire equity interests in Keyfield Marine and Keyfield Endeavour	(4)-	-	-	-	-
(5)	- Our Company - OM Ceria - Lavin Group - Darren Kee - Kate Ooi - Mohd Erwan	- Darren Kee, Kate Ooi and Mohd Erwan are our Promoters and Substantial Shareholders of our Company - Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore - OM Ceria and Lavin Group were substantial shareholders of Keyfield Offshore	Acquisition by our Company for the entire equity interests in Keyfield Offshore	90,000 (72.7% of our Group's NA)	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Interested persons	Nature of transaction	Value of transactions				
				FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)
(6)	- Our Company - Keyfield Marine - Darren Kee - WCL	- Darren Kee is our Promoter, Substantial Shareholder and Director - Darren Kee is a substantial shareholder and Director of WCL - Darren Kee is a Director of Keyfield Marine	Capitalisation of debt owing by Keyfield Marine to Darren Kee by way of issuance of 29,520,000 new Shares in relation to the acquisition of LS2 ⁽¹⁾	14,760 (USD3,600) (11.9% of our Group's NA)	-	-	-	-
(7)	- Our Company - Lavin Group	Lavin Group is our Substantial Shareholder	Capitalisation of debt owing by Keyfield Offshore to Lavin Group by way of issuance of 41,000,000 new Shares in relation to the advances to Keyfield Offshore ⁽²⁾	20,500 (USD5,000) (16.6% of our Group's NA)	-	-	-	-
			Repayment of advances from Keyfield Offshore to Lavin Group by way of cash ⁽²⁾	31,553 (USD7,800) (25.5% of our Group's NA)	-	-	-	-
(8)	- Keyfield Offshore - Darren Kee - Kate Ooi - Mohd Erwan - BAP Resources Sdn Bhd	- Darren Kee, Kate Ooi and Mohd Erwan are our Promoters and Substantial Shareholders of our Company - Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore	Conversion of Keyfield Offshore NCNRCPS into Keyfield Offshore ordinary shares	33,000 (26.7% of our Group's NA)	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Interested persons	Nature of transaction	Value of transactions				
				FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)
		BAP Resources Sdn Bhd is a previous shareholder of Keyfield Offshore						
(9)	- Keyfield Offshore - Lavin Group - Keyfield Resolute	- Lavin Group is our Substantial Shareholder - Keyfield Resolute (formerly known as Lavin Vessel 1) was previously a wholly-owned subsidiary of Lavin Group. It is currently our wholly-owned subsidiary	Chartering of AWBs by Keyfield Offshore from Keyfield Resolute on exclusive bareboat chartering basis⁽⁵⁾ Reimbursement of pre-operating mobilisation and related cost of Commander and Compassion	-	3,751 (3.9% of our Group's COS)	390 (0.3% of our Group's COS)	-	-
				-	⁽⁶⁾ 2,289 (2.4% of our Group's COS)	-	-	-
(10)	- Keyfield Offshore - Lavin Group	Lavin Group is our Substantial Shareholder	Acquisition of Keyfield Resolute by Keyfield from Lavin Group for a purchase consideration of RM12.5 million, which is satisfied in full by the issuance of 50.0 million Keyfield CRNCPS at the issue price of RM0.25 Capitalisation of amount owing by Keyfield Resolute to Lavin Group amounting to RM65.0 million by the issuance of 260.0 million Keyfield CRNCPS at an issue price of RM0.25 to Lavin Group	-	-	⁽⁷⁾ 12,500 (6.6% of our Group's NA)	-	-
				-	-	65,000 (34.6% of our Group's NA)	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Interested persons	Nature of transaction	Value of transactions				
				FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)	RM'000 (USD'000)
			Interest payable on Keyfield CRNCPS to Lavin Group	-	-	1,949 (1.3% of our Group's COS)	1,744 (1.0% of our Group's COS)	969 (1.0% of our Group's COS)
(11)	- Keyfield Offshore 10 Tower Sdn Bhd - London Bridge Property Management Sdn Bhd	Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder	Rental of office units ⁽⁸⁾	-	-	-	139 (0.1% of our Group's COS)	67 (less than 0.1% of our Group's COS)
(12)	- Keyfield Offshore - Helix Management Sdn Bhd - London Bridge Property Management Sdn Bhd	Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder	Rental of office units ⁽⁹⁾	-	-	-	260 (0.2% of our Group's COS)	156 (0.2% of our Group's COS)

9. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

NA Net assets attributable to the owners of the Company
 COS Cost of sales

- (1) On 1 December 2015, WCL entered into a shipbuilding contract with Jinjiang Nanyang Shipbuilding Co Ltd and Nantong Shunyang Trade and Development Co Ltd ("LS Series Shipbuilders") for the purchase of LS2 at a purchase consideration of USD17.0 million (equivalent to RM70.9 million) ("LS2 Shipbuilding Contract"). On 19 August 2020, pursuant to a novation agreement between WCL, Keyfield Marine, and the LS Series Shipbuilders, it was agreed by the parties that the entire interest, benefit, right, entitlement, obligation and liabilities under LS2 and the LS2 Shipbuilding Contract be novated by WCL to Keyfield Marine at the value of USD17.0 million (equivalent to RM70.9 million), which constitutes the value of the related party transaction.

Arising from the novation agreement, the amount previously paid by Keyfield Offshore to the LS Series Shipbuilders on behalf of WCL amounting to USD0.2 million (equivalent to RM0.8 million) was novated to Keyfield Marine and became an inter-company amount within our Group. The amount previously paid by WCL to the LS Series Shipbuilders amounting to USD3.8 million (equivalent to RM15.7 million), was novated to Keyfield Marine and became an amount due by Keyfield Marine to WCL. Our Group repaid the sum of USD0.2 million (equivalent to RM0.9 million after accounting for foreign exchange differences) to WCL in cash. Thereafter, WCL novated the balance sum of USD3.6 million (equivalent to RM14.8 million) to Darren Kee. In December 2020, the outstanding sum of USD3.6 million (equivalent to RM14.8 million) was capitalised through the issuance of 29,520,000 new Shares at an issue price of RM0.50 per new Share to Darren Kee. Out of these 29,520,000 new Shares issued to Darren Kee on 28 December 2020, he sold 13,000,000 Shares to MEAM Holdings for a total consideration of RM8.1 million.

The balance of the purchase consideration for the LS2 Shipbuilding Contract, amounting to USD13.0 million (equivalent to RM54.4 million) was novated to Keyfield Marine and became an amount payable by Keyfield Marine to the LS Series Shipbuilders, which has since been fully paid. Out of this amount, USD12.8 million (equivalent to RM53.6 million) was paid by our Group by utilising the advances from Lavin Group as set out in Note (2)(a) below, with the balance from our internally generated funds.

- (2) Lavin Group had advanced a total sum of USD14.1 million (equivalent to RM58.8 million) to our Group in FYE 2020, details of which are set out below:
- (a) In August 2020, Lavin Group had advanced a sum of USD12.8 million (equivalent to RM53.6 million) to Keyfield Offshore which was used towards the payment of LS2. On 28 December 2020, we issued 41,000,000 new Shares at an issue price of RM0.50 per new Share to Lavin Group to settle USD5.0 million (equivalent to RM20.5 million). On 31 December 2020, the balance USD7.8 million (equivalent to RM31.6 million) was repaid in cash. Out of these 41,000,000 new Shares issued to Lavin Group, on 28 December 2020, Lavin Group sold 22,000,000 Shares to Veritas Aman for a total consideration of RM12.1 million;

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (b) In September 2020, Lavin Group had advanced a sum of USD1.3 million (equivalent to RM5.2 million) to Keyfield Offshore which was used towards the partial payment of Falcon. In February 2021, we repaid USD1.0 million (equivalent to RM4.2 million) while the balance of USD0.3 million (equivalent to RM1.2 million) was fully repaid by 30 June 2021; and
- (3) Lavin Group further advanced a sum of USD1.0 million (equivalent to RM4.2 million) to our Group in October 2021. This advance was used to part finance the acquisition of Kindness, which was fully repaid in December 2022.
- (4) Total cash purchase consideration of RM2.00.
- (5) Prior to the acquisition of Keyfield Resolute by Keyfield on 18 February 2022, Keyfield Resolute was a wholly-owned subsidiary of Lavin Group which was a special purpose company incorporated to acquire Compassion and Commander. Keyfield Resolute became our wholly-owned subsidiary on 18 February 2022. The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 Business Combinations does not apply. No goodwill or bargain purchase is recognised.
- From the period of 20 August 2021 to 26 January 2022, Keyfield Resolute had chartered Compassion and Commander to Keyfield Offshore based on the DCR of RM30,000 for Compassion and RM25,000 for Commander. Such DCR is only payable when the AWBs are chartered by Keyfield Offshore's customers as provided for under the Master Agreement dated 20 August 2021 entered into between Keyfield Offshore, Keyfield Resolute and Lavin Group. With the completion of the acquisition of Keyfield Resolute by Keyfield, all the transactions between Keyfield Resolute and Keyfield Offshore are no longer Related Party Transactions. The Master Agreement was terminated on 18 February 2022.
- (6) Keyfield Offshore had incurred this amount as pre-operating mobilisation expenses on both Compassion and Commander prior to the commencement of the Master Agreement, which was reimbursed by Keyfield Resolute to Keyfield Offshore.
- (7) Based on the nominal value of RM12.5 million.
- (8) As set out in Section 6.16(xxxi), London Bridge Property Management Sdn Bhd had rented office units to 10 Tower Sdn Bhd which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

9. RELATED PARTY TRANSACTIONS (Cont'd)

- ⁽⁹⁾ As set out in Section 6.16(xxxii), London Bridge Property Management Sdn Bhd had rented office units to Helix Management Sdn Bhd which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

As at the LPD, save as disclosed below there are no related party transactions entered into but not yet effected:

(i) Redemption of Keyfield CRNCPS

The Keyfield CRNCPS shall be redeemed in the following manner prior to our Listing:

Redemption source	Timeline	No. of Keyfield CRNCPS to be redeemed	RM'000
(a) Issuance of IPO Shares ⁽¹⁾	Concurrent with the Public Issue	324,000,000	81,000
(b) Proceeds from the IPO	Note ⁽²⁾	246,000,000	61,500
		570,000,000	142,500

Notes:

- ⁽¹⁾ Via the issuance of 80,000,000 IPO Shares to Lavin Group and 10,000,000 IPO Shares to Stratos Private Equity at the IPO Price. The Issues Shares shall be issued concurrently with the Issue Shares to be issued under the Public Issue.
- ⁽²⁾ To be redeemed using the cash proceeds from the Public Issue within 1 month from the Listing as set out in Section 4.10(j). RM5.5 million shall be utilised to redeem Keyfield CRNCPS held by Lavin Group and RM56.0 million shall be utilised to redeem Keyfield CRNCPS held by Stratos Private Equity.

Based on the above, the redemption of Keyfield CRNCPS held by Lavin Group is deemed a related party transaction, as Lavin Group is our Substantial Shareholder.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors are of the opinion that the above transactions were carried out on an arm's length basis and on normal commercial terms which are not more favourable to our related parties, save for the advances amounted to USD15.1 million (equivalent to RM63.0 million), from Lavin Group (item (3) above) in view of the following:

- (i) The subscription of shares in Keyfield Offshore by Lavin Group referred to in (1) above was at RM0.678 per Keyfield Offshore share which represents a discount to the consolidated NA per Keyfield Offshore as at 31 December 2019 of RM1.57 per share (after taking into consideration the conversion of Keyfield NCNCRPS referred to in (8) above). The subscription of shares was effected on 24 August 2020. The discount is reasonable after taking into consideration the unfavourable market conditions at that time whereby the entire global economy was uncertain due to the onset of the COVID-19 pandemic;
- (ii) The LS2 Shipbuilding Contract was based on the purchase consideration of USD17.0 million (equivalent to RM70.9 million). The novation of the LS2 Shipbuilding Contract from WCL to Keyfield Marine referred to in (2) above was undertaken based on the purchase consideration of USD17.0 million (equivalent to RM70.9 million) which is same price at which WCL originally entered into the LS2 Shipbuilding Contract. As such, WCL did not record any gain or loss pursuant to the novation;
- (iii) The purchase consideration for the acquisition of Keyfield Marine and Keyfield Endeavour referred to in (4) above was after taking into consideration the net liabilities of these companies of RM0.02 million pursuant to their unaudited management account as at 31 August 2020, as disclosed in Section 6.2.2;
- (iv) The purchase consideration for the acquisition of Keyfield Offshore, as referred to in (5) above, was after taking into consideration the following:
 - (a) Approximately 1.09 times of the unaudited NA of Keyfield Offshore of RM82.7 million as at 31 August 2020;
 - (b) The expected increase in the total consolidated NA of Keyfield Offshore between 31 August 2020 and the date of completion of the Second SPA; and
 - (c) The future earnings potential of Keyfield Offshore;
 as disclosed in Section 6.2.2;
- (v) The capitalisations of debt owing by Keyfield Marine to Darren Kee and debt owing by Keyfield Offshore to Lavin Group, as referred to in (6) and (7) above, were undertaken based on the amount of debt owing by two of our subsidiaries into Shares and issued at the price of RM0.50 per Share, which was a premium over the pro forma NA per Share of Keyfield of RM0.46 per Share as at 31 August 2020 after taking into consideration the acquisitions of Keyfield Offshore, Keyfield Marine and Keyfield Endeavour by Keyfield.

The Shares were issued at a premium after taking into consideration the expected increase in the total consolidated NA of Keyfield Offshore between 31 August 2020 and the date of completion of the Second SPA as well as the future earnings potential of Keyfield Offshore;

9. RELATED PARTY TRANSACTIONS (*Cont'd*)

- (vi) The Keyfield Offshore NCNRCPS were converted into Keyfield Offshore ordinary shares, as referred to in (8) above, whereby the conversion price of RM1.00 per Keyfield Offshore ordinary shares is the same as the issue price of RM1.00 per Keyfield Offshore NCNRCPS;
- (vii) The chartering of AWBs by Keyfield Offshore from Keyfield Resolute (prior to our acquisition of Keyfield Resolute), as referred to in (9) above, was on the basis that the DCR is only payable when the AWBs are chartered by Keyfield Offshore's customers as provided for under the Master Agreement dated 20 August 2021, whereby our Group will have not any additional financial commitment if these AWBs are not chartered out to our customers;
- (viii) The reimbursement of pre-operating mobilisation and related cost of Commander and Compassion, as referred to in (9) above, was at cost;
- (ix) The acquisition of Keyfield Resolute and capitalisation of amount owing by Keyfield Resolute to Lavin Group amounting to a total RM77.5 million, as referred to in (10) above, which was lower than the cumulative fair market values of Commander and Compassion;
- (x) The interest payable on Keyfield CRNCPS of 3% to Lavin Group, as referred to in (10) above, was lower than the interest payable on our other long-term loans taken to finance the purchases of LS1 and LS2; and
- (xi) The rental paid for the office units which we currently occupy as our head office, as referred to in (11) and (12) above, are based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

The advances from Lavin Group were unsecured, interest-free and without fixed repayment terms and therefore not on normal commercial terms and not on an arm's length basis. However, these were on terms which were more favourable for our Group. As at the LPD, all the advances from Lavin Group have been fully repaid.

In accordance with the Listing Requirements, our Company will be required to seek our shareholders' approval each time our Group enters into a material related party transaction. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

9. RELATED PARTY TRANSACTIONS (Cont'd)

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

9.2 OTHER TRANSACTIONS**(i) Transactions which are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the past 3 FYEs, FPE Sep 2023 and up to the LPD.

(ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 3 FYEs, FPE Sep 2023 and up to the LPD:

(a) Personal guarantees

Darren Kee and Mohd Erwan, being our Promoters, Substantial Shareholders and Executive Directors whilst Kate Ooi, being our Promoter and Substantial Shareholder, had extended personal guarantees for banking facilities extended to our Group. As at the LPD, our Group has already received approvals-in-principle from the respective banks to discharge the above personal guarantees which are conditional upon our Listing, and for these to be replaced by a corporate guarantee from our Company after the successful completion of our Listing.

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9. RELATED PARTY TRANSACTIONS (Cont'd)
(b) Amount due to/from related parties/Directors
(aa) Amount due to/from related parties

The value of all the advances made to our Group and advances from our Group to our Promoters and/or person connected to them for the past 3 FYEs, FPE Sep 2023 and up to the LPD are as follows:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE Sep 2023 RM'000	From 1 October 2023 up to LPD RM'000
<u>Advances to the Group</u>								
(1)	- Darren Kee - Keyfield Offshore	Darren Kee is a director and was a substantial shareholder of Keyfield Offshore	Advances from Darren Kee to Keyfield Offshore	205 (0.2% of our Group's NA)	-	-	-	-
			Expenses paid by Darren Kee on behalf of Keyfield Offshore	13 (less than 0.1% of our Group's NA)	-	-	-	-
(2)	- Kate Ooi - Keyfield Offshore	Kate Ooi was a director and was a substantial shareholder of Keyfield Offshore	Expenses paid by Kate Ooi on behalf of Keyfield Offshore	24 (less than 0.1% of our Group's NA)	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
(3)	- Naka Bayu - Keyfield Offshore	- Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore - Mohd Erwan is a director and substantial shareholder of Naka Bayu - Naka Bayu is a 49%-owned associate company of Keyfield Offshore - Darren Kee is a director of Naka Bayu	Advances from Naka Bayu to Keyfield Offshore	230 (0.2% of our Group's NA)	-	-	-	-
(4)	- Mohd Erwan - Keyfield Offshore	Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore	Expenses paid by Mohd Erwan on behalf of Keyfield Offshore	2 (less than 0.1% of our Group's NA)	-	-	-	-
Sub-total (A)				474	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Transacting No. parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE Sep 2023 RM'000	From 1 October 2023 up to LPD RM'000
<u>Advances from our Group</u>							
(5)	- Naka Bayu - Keyfield Offshore	- Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore - Mohd Erwan is a director and substantial shareholder of Naka Bayu - Naka Bayu is a 49%-owned associate company of Keyfield Offshore - Darren Kee is a director of Naka Bayu	Payment by Keyfield Offshore on behalf of Naka Bayu	(176) (0.1% of our Group's NA)	(2) (less than 0.1% of our Group's NA)	-	-
Sub-total (B)			(176)	(2)	-	-	-
Net advances to/(from) our Group			298	(2)	-	-	-

Note:

NA Net assets attributable to the owners of the Company.

The advances between the related parties were unsecured, interest-free and without fixed repayment terms, and were therefore not on normal commercial terms and not on an arm's length basis. As at the LPD, all the advances from and to related parties and/or person connected to them have been fully repaid and settled. Our Group will not provide any loans and advances to or for the benefit of related parties moving forward.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

(iii) Financial assistance provided for the benefit of a related party

There were no financial assistance provided by us for the benefit of any related party for the past 3 FYEs, FPE Sep 2023 and up to the LPD.

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10. CONFLICT OF INTERESTS

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in other businesses or corporations which are:

- (i) Carrying on a similar or related trade as our Group; or
- (ii) Customers and/or suppliers of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. Our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nominating Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nominating Committee will:

- (a) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;
- (b) Make recommendations to our Board to direct the conflicted Director to:
 - (aa) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (bb) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of the Board, be present at the Board meeting for the purposes of answering any questions.

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10. CONFLICT OF INTERESTS (Cont'd)

10.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Underwriter and Joint Placement Agent for our Listing;
- (ii) Maybank IB, being Joint Placement Agent for our IPO, and its related and associated companies ("Maybank Group") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage service, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group, in addition to the role set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and or any other entity or person, hold long or short otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Malayan Banking Berhad, the holding company of Maybank IB, has extended credit facilities of RM25.0 million to our Group in its ordinary course of business but none of the proceeds from the Public Issue will be used to repay these credit facilities.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Joint Placement Agent for our IPO due to the following:

- (a) Malayan Banking Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in its ordinary course of business;
- (b) The conduct of Malayan Banking Berhad in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal controls and checks; and
- (c) The total aggregate outstanding amount owed by our Group to Malayan Banking Berhad as at the LPD is nil and as such is not material when compared to its audited consolidated NA as at 31 December 2022 of RM88.9 billion.

Accordingly, Maybank IB confirms that there is no conflict of interest situation in its capacity as Joint Placement Agent for our IPO;

- (iii) Messrs Tay & Helen Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;

10. CONFLICT OF INTERESTS (*Cont'd*)

- (iv) Messrs Crowe Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (v) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

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11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION**

Our audited consolidated financial statements throughout the FYEs 2020 to 2022 and FPE Sep 2023 as well as unaudited consolidated financial statements for the FPE Sep 2022 have been prepared in accordance with MFRS and IFRS.

11.1.1 Historical financial information

The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 and the Accountants' Report set out in Section 12.

(i) Historical consolidated statements of profit or loss and other comprehensive income

The following table sets out a summary of our historical consolidated statements of profit or loss and other comprehensive income for the FYEs 2020 to 2022 as well as FPEs Sep 2022 and 2023:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	75,231	139,756	236,204	168,601	310,918
Cost of sales	(54,335)	(97,170)	(146,632)	(107,559)	(167,531)
GP	20,896	42,586	89,572	61,042	143,387
Other income	4,663	1,796	9,000	8,434	1,151
	25,559	44,382	98,572	69,476	144,538
Administrative expenses	(4,932)	(8,037)	(14,447)	(10,043)	(13,839)
Other expenses	(1,619)	(1,924)	(6,559)	(4,198)	(5,547)
Finance costs	(1,358)	(3,723)	(8,722)	(6,298)	(10,710)
Impairment losses on financial assets	(17)	(5,677)	(4,307)	-	-
Gain on dissolution of a subsidiary	-	-	499	-	-
Share of (losses)/profits of an equity accounted associate	(100)	4	(25)	(28)	(15)
PBT	17,533	25,025	65,011	48,909	114,427
Income tax expense	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
PAT	13,516	18,007	49,851	36,759	84,237
Other comprehensive (expenses)/income	(596)	(62)	(112)	69	-
Total comprehensive income for the financial year/period	12,920	17,945	49,739	36,828	84,237
PAT attributable to:					
- Owners of the Company	13,516	17,621	48,877	36,047	83,352
- Non-controlling interests	-	386	974	712	885
	13,516	18,007	49,851	36,759	84,237

11. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT ⁽¹⁾	18,831	28,630	66,344	47,840	124,830
EBITDA ⁽¹⁾	22,976	39,495	91,713	65,643	151,377
EBITDA margin	30.5	28.3	38.8	38.9	48.7
GP margin (%)	27.8	30.5	37.9	36.2	46.1
PBT margin (%)	23.3	17.9	27.5	29.0	36.8
PAT margin (%)	18.0	12.9	21.1	21.8	27.1
Effective tax rate (%)	22.9	28.0	23.3	24.8	26.4
EPS (sen) ⁽²⁾	2.7	3.5	9.8	7.2	16.6
Diluted EPS (sen) ⁽³⁾	1.7	2.2	6.1	4.5	10.4

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	13,516	18,007	49,851	36,759	84,237
Less:					
Interest income	(60)	(118)	(107)	(85)	(307)
Fair value adjustment on Keyfield CRNCPS	-	-	(7,282)	(7,282)	-
Add:					
Finance costs (Borrowings)	1,358	3,723	4,466	3,141	7,504
Finance costs (Keyfield CRNCPS)	-	-	4,256	3,157	3,206
Income tax expense	4,017	7,018	15,160	12,150	30,190
EBIT	18,831	28,630	66,344	47,840	124,830
Add:					
Depreciation and amortisation	4,145	10,865	25,369	17,803	26,547
EBITDA	22,976	39,495	91,713	65,643	151,377

(2) Calculated based on the PAT attributable to owners of the Company divided by the share capital of 501,040,000 Shares before the IPO.

(3) Calculated based on the PAT attributable to owners of the Company divided by the enlarged share capital of 800,000,000 Shares after the IPO.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Historical consolidated statements of financial position**

The following table sets out our historical consolidated statements of financial position as at 31 December 2020 to 2022 and 30 September 2023:

	Audited			As at 30
	As at 31 December			September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Investment in an associate	250	254	229	214
Property, plant and equipment	160,476	232,971	368,567	508,198
Investment property	-	-	1,555	1,532
Right-of-use assets	265	14,261	19,068	17,210
Other investments	-	-	218	218
Total non-current assets	160,991	247,486	389,637	527,372
Current assets				
Inventories	480	1,701	2,141	1,392
Trade receivables	22,660	64,889	88,008	147,392
Other receivables, deposits and prepayments	12,339	2,528	735	1,770
Current tax assets	580	150	72	60
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	36,668
Total current assets	58,946	90,103	114,220	194,586
TOTAL ASSETS	219,937	337,589	503,857	721,958
EQUITY AND LIABILITIES				
EQUITY				
Share capital	125,260	125,260	125,260	125,260
Reserves	(1,528)	16,031	62,712	141,016
NA⁽¹⁾	123,732	141,291	187,972	266,276
Non-controlling interests	-	3,391	4,365	5,250
TOTAL EQUITY	123,732	144,682	192,337	271,526
LIABILITIES				
Non-current liabilities				
Cumulative redeemable non-convertible preference shares ("CRNCPS")	-	15,563	136,778	138,782
Lease liabilities	88	8,802	8,040	6,407
Other payables	-	8,206	2,000	94,464
Borrowings	42,367	49,663	27,461	9,854
Deferred tax liabilities	7,954	14,836	29,634	59,757
Total non-current liabilities	50,409	97,070	203,913	309,264

11. FINANCIAL INFORMATION (Cont'd)

	Audited			As at 30
	As at 31 December			September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade payables	13,638	33,923	33,719	51,500
Other payables and accruals	10,151	12,907	7,338	29,958
CRNCPS	-	-	3,563	2,494
Lease liabilities	42	5,405	10,897	10,927
Borrowings	21,949	43,486	51,877	46,084
Current tax liabilities	16	116	213	205
Total current liabilities	45,796	95,837	107,607	141,168
TOTAL LIABILITIES	96,205	192,907	311,520	450,432
TOTAL EQUITY AND LIABILITIES	219,937	337,589	503,857	721,958

Note:

(1) NA attributable to the owners of the Company.

(iii) Historical consolidated statements of cash flows

The following table sets out our consolidated statements of cash flows for the FYEs 2020 to 2022 as well as FPEs Sep 2022 and 2023:

	Audited			Unaudited	Audited
	FYE	FYE	FYE	FPE Sep	FPE Sep
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
PBT	17,533	25,025	65,011	48,909	114,427
Adjustments for:					
Accretion of interest on CRNCPS	-	-	2,260	1,582	2,004
Allowance for impairment losses on trade receivables	-	5,128	4,307	-	-
Bad debts written off	17	549	-	-	-
Depreciation:					
- property, plant and equipment	4,084	8,802	18,864	13,645	19,826
- investment property	26	-	16	8	23
- right-of-use assets	35	2,063	6,489	4,150	6,698
Other interest expenses	1,358	3,550	8,194	5,983	10,120
Interest expense on lease liabilities	-	171	529	315	590
Share of losses/(profits) of an equity accounted associate	100	(4)	25	28	15

11. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net unrealised loss/(gain) on foreign exchange	460	76	-	469	(79)
Dividend income:					
- an associate	-	-	(98)	-	-
Fair value gain on CRNCPS	-	-	(7,282)	(7,282)	-
Gain on lease modification	-	-	(177)	(177)	18
Gain on disposal:					
- property, plant and equipment	-	(3)	-	-	-
- investment property	(91)	-	-	-	-
Gain on dissolution of a subsidiary	-	-	(499)	-	-
Interest income	(60)	(118)	(107)	(85)	(307)
Operating profit before working capital changes	23,462	45,239	97,532	67,545	153,335
Increase in inventories	(144)	(1,221)	(440)	273	749
Increase in trade and other receivables	(5,637)	(46,144)	(24,228)	(29,738)	(60,419)
(Decrease)/Increase in trade and other payables	(4,301)	25,946	(5,208)	(478)	17,260
Increase/(Decrease) in amount owing to related parties	-	1,015	(1,015)	(1,015)	-
Decrease in amount owing to an associate	(262)	-	-	-	-
Cash from operations	13,118	24,835	66,641	36,587	110,925
Interest paid	(1,358)	(3,623)	(3,932)	(3,644)	(11,779)
Income tax paid	(432)	(196)	(222)	-	(119)
Tax refunds	-	590	-	71	56
Net cash from operating activities	11,328	21,606	62,487	33,014	99,083
Cash flows for investing activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	-	448	448	-
Addition:					
- right-of-use assets	(150)	-	-	-	-
- other investment	-	-	(218)	(218)	-
Interest income received	60	118	107	85	307

11. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Proceeds from issuance of shares to non-controlling interests	-	5	-	-	-
Proceeds from disposal:					
- property, plant and equipment	-	30	250	250	-
- investment property	2,500	-	-	-	-
Purchase of property, plant and equipment	(56,630)	(26,414)	(11,789)	(10,906)	(30,372)
(Increase)/Decrease in pledged fixed deposits with licensed banks	(166)	275	-	-	(1,799)
Net (increase)/decrease in fixed deposits restricted for use	-	(3,743)	(61)	(61)	735
Dividend received from an associate	-	-	98	-	-
Net cash for investing activities	(54,386)	(29,729)	(11,165)	(10,402)	(31,129)
Cash flows from/(for) financing activities					
Dividend paid	(500)	-	(2,083)	-	(5,010)
Drawdown of term loans	38,349	259	10,116	10,116	3,000
Net drawdown/(repayment) of revolving credits	6,327	2,313	11,301	2,514	(3,074)
Proceeds from issuance of ordinary shares	10,100	-	-	-	-
Proceeds from issuance /(Redemption) of CRNCPS	-	15,563	(15,563)	(10,000)	-
Net advances from/(repayment to) a shareholder	25,709	(5,021)	(4,946)	(446)	-
Repayment to Directors	(202)	-	-	-	-
(Repayment to)/Advances from related parties	(10,243)	4,507	(1,000)	-	-
Advances from/(Repayment to) third parties	-	5,060	(5,206)	(5,206)	(13,518)
Repayment of lease liabilities	(20)	(1,982)	(6,389)	(3,820)	(6,461)
Repayment of term loans	(9,782)	(18,069)	(35,228)	(18,997)	(23,326)
Net cash from/(for) financing activities	59,738	2,630	(48,998)	(25,839)	(48,389)

11. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	16,680	(5,493)	2,324	(3,227)	19,565
Effects of foreign exchange translation	(1,084)	(27)	44	(183)	79
Cash and cash equivalents at beginning of the financial year/period	4,580	20,176	14,656	14,656	17,024
Cash and cash equivalents at end of the financial year/period	20,176	14,656	17,024	11,246	36,668
Cash and cash equivalents consist of:					
Fixed deposits with licensed banks	2,711	6,179	6,240	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	11,246	36,668
	22,887	20,835	23,264	17,486	43,972
Less: Fixed deposit pledged to a licensed bank	(2,711)	(2,436)	(2,436)	(2,436)	(4,235)
Less: Fixed deposits restricted for use ⁽¹⁾	-	(3,743)	(3,804)	(3,804)	(3,069)
	20,176	14,656	17,024	11,246	36,668

Note:

- (1) Restricted for use fixed deposits cannot be used by our Group as they have been pledged to the bank as security for the bank borrowings which we have obtained.

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11. FINANCIAL INFORMATION (Cont'd)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial performance and results of operations should be read in conjunction with the Accountants' Report as set out in Section 12 and the Reporting Accountant's letter on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13. Our audited consolidated financial statements have been prepared in accordance with MFRS and IFRS for the FYEs 2020 to 2022 and FPE Sep 2023.

There were no exceptional or extraordinary items during the FYEs 2020 to 2022 and FPE Sep 2023. Our audited consolidated financial statements for the FYEs 2020 to 2022 and FPE Sep 2023 were not subject to any audit qualifications.

11.2.1 Overview of our operations

Our revenue is recognised on a monthly basis, based on the invoiced value of services over time when the services are rendered to our customers, based on the duration and rates as formalised between us and our customers via charter party contracts and/or other similar documents such as work orders or service orders.

For the FYEs 2020 to 2022 and FPE Sep 2023, revenue from the charter of vessels constituted between 78.4% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

Please refer to Section 6 for our Group's detailed business overview.

11.2.2 Significant factors affecting our business and results of operations

Our financial condition and results have been and are expected to be affected by, amongst others, the following factors:

(i) Demand for our vessels

Our financial results are dependent on the demand for our vessels. We charter our own and third party vessels to support the offshore oil and gas industry. Our business model allows us to secure more chartering contracts which are not limited to the number of vessels which we own. This allows us to scale up/down our operations and prioritise the chartering of our own vessels during periods when demand from the upstream oil and gas industry is low.

Historically, the level of offshore exploration and production activity has been closely related to global oil and gas prices, resulting the oil and gas industry being highly cyclical in nature. Increasing levels of exploration, development and production activities have a direct influence on the demand for vessels as more vessels are required to support offshore oilfields during periods of high demand.

Due to the nature of the vessel industry segment which we operate in, we are less susceptible to such cyclical nature as compared to other oil and gas service providers that serve only specific offshore oilfield stages. We had, in the past, witnessed financial growth despite a fall in oil prices that resulted in a slowdown in exploration and production activities. Despite this slowdown, offshore oilfield activities were still carried out to maintain and operate offshore oil/gas platforms that were in production as well as decommissioning of offshore oil/gas platforms.

11. FINANCIAL INFORMATION (Cont'd)

Due to the adverse weather conditions in the South-China Sea during the period between December and March each year, we generally record lower revenue during this period as there are lesser chartering activities. During this time, our vessels might not be chartered out, or might be chartered out at lower DCR compared to other months. Furthermore, during periods which our vessels are not chartered out, we have to incur costs such as safe-manning crew payroll, consumables and berthing costs, among others. To mitigate this, we usually plan our scheduled vessel maintenance during this time, where permissible.

(ii) Size, age, specifications and composition of our fleet

The size, age, specifications and composition of our own and the third party vessels that we charter are determining factors for us to secure Chartering Contracts. Generally, a larger and younger fleet with better specifications enables us to enter into more Chartering Contracts, thereby increasing our revenue.

Market demand, utilisation rate, charter rates and operating expenses may vary for vessels of different sizes and types, ages and specifications. Generally, demand and DCRs for newer vessels and vessels with higher specifications tend to be higher than older vessels or vessels with lower specifications. Newer vessels also generally have lower maintenance costs as they are less prone to breakdowns and hence, less prone to loss of chartered days. Further, newer vessels tend to better comply with customers' and regulatory requirements.

In addition, DCRs for DP1 or DP2 equipped vessels, larger accommodation capacity vessels tend to be greater than 4-point mooring and smaller vessels. The specifications of our Group's own fleet and our ability in securing third party vessels for charter enable us to participate in the upstream oil and gas industry and compete for a bigger market share in our business segment.

(iii) Utilisation rates and duration of our charters

Utilisation rate is the aggregate number of actual chartered days per year divided by the available number of chartered days in that year. Our utilisation rates are set out in Section 6.7.5.

The number of chartered days for both our and third party vessels are largely dependent upon the supply and demand for our services. Further, time required for repairs and maintenance or dry docking may also affect the utilisation rates.

Our financial results also depend on our ability to secure chartering contracts on a timely basis. The charter period for our vessels typically range between 1 and 8 months in line with the nature of the AWB chartering industry. Some of these contracts contain options, exercisable at the customers' discretion, to extend the charter term for a specified length of time. Should the customer(s) choose to exercise such option, they will send a notice to us, which we can choose to accept or turn down. In planning for the chartering of our vessels, we do not take into account the extension period as it is at the customer's discretion. In the event that the particular vessel has been committed for other Chartering Contracts, we will turn down the existing customer's option to extend.

For the FYEs and FPE Sep Under Review and up to the LPD, our Chartering Contracts have been extended for periods which range from 1 week to 8 months.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Costs and time required to dry dock own vessels**

We are typically required to dry dock each of our own vessels and vessels which we charter on a bareboat basis, once every five years. We also have to perform routine preventive maintenance such as annual survey every year (at the approximate cost of RM0.1 million to RM0.2 million for each annual survey) and intermediate survey every 2.5 years (at the approximate cost of RM0.2 million to RM0.4 million for each intermediate survey), which take approximately 15 days each time. The duration of the dry docking exercise is estimated to take approximately 30 to 45 days to complete, depending on the availability of the shipyard and required spare parts as well as complexity of the works to be done, among others. To mitigate potential loss of revenue from lost charter days, we endeavour to schedule the dry docking and scheduled maintenance of our vessels during off-hire times and if required, we try to substitute the vessel that is out of service with one of our own or other third party vessels if a suitable one is available.

We have incurred dry docking or refurbishment expenditure for LS1 and Falcon both in FYE 2022, which amounted to RM3.5 million. Meanwhile, the dry docking for Commander was recently carried out in FYE 2023, which amounted to RM1.9 million.

The next dry docking exercises for our own vessels are scheduled to be carried out within the following time-frames:

Vessel	Time-frame for next scheduled dry docking
LS1	December 2026
LS2	July 2025
Falcon	May 2027
Grace	July 2024
Compassion	September 2024
Commander	February 2028
Kindness	October 2026
Lestari	November 2024
Blooming Wisdom	May 2025
Helms 1	August 2026
IMS Aman	October 2024

11. FINANCIAL INFORMATION (Cont'd)

We estimate that the dry docking and the Condition Assessment Programme ("CAP") costs which are to be carried out within 18 months from the LPD, for our own vessels are as follows:

Vessel	Estimated dry docking costs (RM'mil)
LS2	2.5
Grace	3.0
Compassion	3.5
Lestari	2.3
Blooming Wisdom	3.0
IMS Aman	⁽¹⁾ 6.5
Total	20.8

Note:

- (1) This amount refers to the refurbishment costs for IMS Aman which includes the DP2 system rectification, dry docking costs and the CAP costs as it will reach 15 years of age in October 2024. Please refer to Section 6.11(vii) for further information on IMS Aman's CAP.

The above costs have been taken into consideration in arriving at our Board's view that our Group will have sufficient working capital for the next 12 months.

Under the terms of our bareboat charter agreements with the owner of Daya Indah Satu and Daya Ceria, we are required to carry out the dry docking exercise at our cost as we are responsible for the entire operations of the vessel including repair and maintenance, which is in line with the industry norm whereby the bareboat charterer bears such dry docking costs. However, such dry docking is only scheduled to be carried out in May 2025 and May 2026 respectively, which is after the end of the bareboat charter periods (including optional extension) and therefore, we will not be incurring any such costs during the period that these two vessels are being chartered by us. Should we enter into any bareboat charter agreements for Daya Indah Satu or Daya Ceria beyond the current agreements or any other bareboat charter agreement for other third party vessels, we will also have to bear such costs if the dry docking schedule falls within the period in which we bareboat charter the said vessel. We will take such dry docking costs and schedule which we potentially have to bear into consideration, prior to entering into such bareboat charter agreements, to ensure that it is in the best interests of our Group.

Dry docking costs for other third party vessels which we time charter are at the cost of their respective owners.

The accounting treatment for refurbishment and dry docking expenditure is as follows:

- (a) Refurbishment expenditure which increases or maintains the value of the vessel, and which are capital in nature – these are to be capitalised as part of the vessel's fixed asset costs and to be depreciated over the estimated remaining useful life of the vessel.
- (b) Dry docking expenditure represents major inspection and overhaul costs and is depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry docking, generally every five years.

11. FINANCIAL INFORMATION (Cont'd)**(v) Daily chartering, catering and other rates for our services**

Details of the components of our revenue are disclosed in Section 11.2.3.1. The daily chartering, catering and other rates which we charge our customers for our services have a direct correlation to the results of our operations.

Chartering revenue comprise a one-off mobilisation/demobilisation fee for situating the vessel to and from the on/off-hire port, and DCRs at a specified rate multiplied by the number of days which the vessels are under charter.

Catering revenue comprise catering and laundry services at a specified rate provided to our customers over the duration of the charter of the vessel, multiplied by the number of days which the vessels are under charter and the number of passengers served during this period.

We also derive revenue in respect of services related to the vessels such as VSAT internet connectivity, BMS / TMS, anchor pattern drawing/mooring analysis and rental of life-saving equipment such as life jackets and life rafts. These are additional services which we offer to our customers at extra charges.

The rates at which we charge to our customers are pre-determined between our Group and our customers on a tendered or negotiated basis before the commencement of each charter. They vary on a charter-by-charter basis and are determined by market conditions, the type and specifications of vessels, services required and the length of contract period, including factors as set out in Sections 11.2.2(i) and (ii) above. Catering rates are also dependent on the estimated number of passengers to be served on each charter and whether there is any minimum charge, while VSAT rates are also dependent on the bandwidth required.

In general, larger and higher specification vessels will command higher DCRs than smaller and lower specification vessels and short-term charters will have higher DCRs than long-term charters.

Our Chartering Contracts with our customers are typically short-term in nature of between 1 to 8 months. Long-term charters, which contribute to higher utilisation rates, provide us with better earnings visibility and cash flow stability while short-term charters provide us with the opportunity to benefit from increasing DCRs under favourable market conditions but expose us to the risk of lower utilisation rates.

(vi) Availability of third party vessels and their DCR

Other than our own vessels, we also provide time-charter services using third party vessels, whereby we earn the difference between the DCRs charged by the vessel owners and the DCRs charged to our customers. In the event where the third party vessel owners charter their vessels at higher charter rates to us, the DCRs to our customers are adjusted accordingly by a similar quantum such that our Group still earns gross profit from the DCR. This model allows us to take on more chartering contracts than the number of vessels which we own. Overall, the GP margin earned on third party vessels is lower than that for our own vessels due to the following:

- (a) In respect of our own vessels, we are the ship owner and have already incurred significant capital expenditure to acquire the vessel. As such, there is a higher degree of financial commitment which has already been made; and

11. FINANCIAL INFORMATION (Cont'd)

- (b) In respect of third party vessels (other than bareboat chartered vessels), we did not incur any capital expenditure to acquire the vessel, but only charter these as and when we have secured a Chartering Contract. Due to such cost structure, we adopt a pricing strategy whereby we are able to scale up/down our operations by earning a lower GP margin for third party vessels; and
- (c) In respect of third party vessels which we bareboat charter, the GP Margin earned is lower than the GP margin for own vessels as the right-of-use asset is depreciated over the period of the bareboat charter, while for our own vessels, the cost of the vessel is depreciated over its remaining useful life. In the case of Daya Indah Satu and Daya Ceria, the period of the bareboat charters is for one year each, with an extension option of another year, while our own vessels are depreciated over their remaining useful lives of between 11 years and 25 years from the month in which they were acquired.

Depending on our arrangement with the third party vessel owners, we may undertake catering services to provide food and beverages to the passengers at a rate which is chargeable on our customers. Where we undertake the catering service, we provide the catering service to the charterer by utilising our own catering crew and procure our own food and beverage provisions. Where we do not undertake the catering, the third party vessel owner or an external catering service provider provides such catering service and we typically earn a mark-up on top of the catering charges imposed by the third party vessel owner or external catering service provider. The GP margin for catering contracts that we undertake are higher than those not undertaken by us.

(vii) Fluctuations in prices of food and beverage provisions and marine consumables, including marine gas oil

We provide catering services to our customers' passengers on board and therefore, incur costs on food and beverage provisions required for such catering services. Due to inflationary pressures, the prices of such items have increased and we expect this trend to continue. We mitigate this by having better cost control over our purchasing as well as having a higher scale of catering operations. We are able to negotiate better pricing with our suppliers in view of the higher volume of food and beverage provisions which we purchased. Where possible, we pass such costs increases to our customers by increasing our catering rates.

During the period when our own vessels and vessels which we charter on a bareboat basis are off-hire, the cost of marine consumables such as marine gas oil and lubes required are at our Group's expense. During the off-hire period, the marine gas oil is used as the energy source to power our vessels' generators to generate electricity as we will still have crew on-board. The price of marine gas oil fluctuates based on world crude oil prices. We mitigate this by taking cost control measures to reduce our marine gas oil consumption, such as shutting down our vessels during extended period of off-hire.

The table below shows the average off-hire period for our own vessels and bareboat chartered vessels, and the total off-hire costs incurred by our Group:

	⁽¹⁾Average off-hire period per vessel (days)	⁽²⁾Total off-hire costs (RM'million)
FYE 2020	95	1.0
FYE 2021	127	5.2
FYE 2022	111	10.6
FPE Sep 2022	65	8.5
FPE Sep 2023	37	5.7

11. FINANCIAL INFORMATION (Cont'd)

Notes:

(1)

$$\text{Average off-hire period (days)} = \frac{\text{Total available charter days per year} - \text{Number of chartered days}}{\text{Number of own and bareboat chartered vessels}}$$

(2)

These costs have been included as part of our cost of sales for the respective FYEs and FPE Sep Under Review, under the categories of 'own crew costs' and 'vessel operation and maintenance cost'. The total off-hire costs increased from FYE 2020 to FYE 2022 in tandem with the increase in number of own vessels and bareboat chartered vessels. Meanwhile, the total off-hire costs in FPE Sep 2023 was lower than FPE Sep 2022 due to the lower average off-hire period per vessel.

Such daily operational costs have a direct impact on our financial results, especially since the vessels do not generate any income during such off-hire period. For FYE 2020, FYE 2021, FYE 2022, FPE Sep 2022 and FPE Sep 2023, total off-hire cost constituted 5.7%, 20.8%, 16.3% and 17.4% and 5.0% of our Group's PBT respectively, and is therefore material to our Group's financial results.

On the other hand, during the time in which these vessels are on-hired, the consumption cost of marine gas oil and lubes are directly borne by our customers, i.e. they purchase the marine gas oil themselves and therefore does not increase our expenses. Such costs are not included in our DCR.

(viii) Our borrowings/funding and finance costs

Due to the nature of the industry and our business which requires significant capital expenditures, we require a significant amount of borrowings and funding, including redeemable preference shares which carry fixed cumulative dividend rates. Please refer to Section 6.4.1 for the analysis of our material capital investments during the FYEs and FPE Sep Under Review and up to the LPD.

A portion of our current outstanding borrowings/funding has a floating interest rate and therefore, our finance costs have been and will continue to be affected by interest/profit rates fluctuations. Please refer to Sections 11.4 and 11.7.5 below for an analysis of the finance costs for our borrowings and our gearing ratio for the FYEs and FPE Sep Under Review, respectively.

Changes in economic conditions, cost of funding for our financiers, monetary and fiscal policies as determined by the Malaysian government and BNM and other factors could result in higher interest rates, thereby increasing our finance costs and reducing our profitability and funds available for operations or other purposes.

We plan to utilise 87.5% of the proceeds from the Public Issue to repay part of our borrowings which include the redemption of Keyfield CRNCPS, repayment of bank borrowings and settlement of balance purchase consideration for Blooming Wisdom and Helms 1, all of which are considered as borrowings as our Group incurs interests and/or finance charges on them. Please refer to Section 4.10 for further information on the utilisation of proceeds from the Public Issue.

11. FINANCIAL INFORMATION (Cont'd)

(ix) External factors which may affect our Chartering Contracts

Our Group may be subject to external factors that are beyond our control (such as renewal of our material licenses, weather and sea conditions, occurrence of terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters), and these may affect our Chartering Contracts.

Please refer to Sections 6.7.4 and 8.1.5 for details on the impact of COVID-19 on our operations and the measures we have implemented in order to continue our business operations. Save for the impact from COVID-19, there were no external factors which affected our Group's Chartering Contracts during the FYEs and FPE Sep Under Review.

(x) Delay in collections or non-recoverability of trade and other receivables

In providing our services, we give credit terms to some of our customers to pay the invoices issued by us, while we require some customers to pay us a deposit in advance. In general, our credit terms can be categorised as follows:

- (a) Invoices with fixed credit terms, ranging from 30 to 120 days. Such terms apply to PCSB, PACs, oil and gas contractors and offshore support vessel owners; and
- (b) Invoices without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms apply to certain oil and gas contractors and offshore support vessel owners. We have in place a credit policy whereby we will only grant such back-to-back payment terms to customers which satisfy our internal criteria such as the length of relationship, its financial strength and the profile of the end customer (i.e. PCSB or PACs).

Generally, the risk of delay in collections or non-recoverability of trade receivables is higher for oil and gas contractors and offshore support vessel owners, as compared with PCSB/PACs. Due to the credit terms given to our customers, we are exposed to risk of delays in collection or non-recoverability of trade receivables. This may result in a material adverse impact on our financial results and operating cash flows.

During the FYEs 2020 to 2022, our Group had recorded the following occurrences of material non-recoverability of trade and other receivables:

- (a) In FYE 2021, we made an allowance for impairment amounting to RM0.5 million which was the amount of the advances which could not be recovered as a result of a third party vessel disponent owner and supplier whom we had chartered third party vessels from, Zafran Engineering Services Sdn Bhd ("ZESSB"), being wound up. We had earlier made advances to ZESSB amounting to RM6.8 million and RM1.2 million in FYE 2019 and FYE 2020 respectively.

These advances relate to payments made by the Group to ZESSB and payments on behalf of ZESSB due to their urgent need, which included the following:

- (i) Crew salaries and crew related payments such as travelling, claims, etc; and

11. FINANCIAL INFORMATION (Cont'd)

- (ii) Repair costs to ensure that the AWB is in good working and sea-going condition.

Such advances, which were not an industry norm, were not subject to any credit term as we would offset the amount of advances against the invoiced value of chartering, catering and other services provided by ZESSB to our Group. The amount of RM0.5 million represented the amount of advances which could not be offset against any services provided by ZESSB to our Group. Our Group could not recover this amount as ZESSB was liquidated in December 2020. Since the beginning of FYE 2021, we do not have any business relationship with ZESSB.

Further, our Group no longer provides any advances to any third party vessel owner since 31 December 2021. We shall not provide any advance to any suppliers unless we have already been awarded with a letter of award by our customer to charter the said third party vessel, and such advance is to facilitate the preparatory work and operational requirements of the said AWB and where the third party vessel will be/is chartered by Keyfield Group, it is a contractual term whereby an advance payment or deposit payment is required;

- (b) In FYE 2021, we made an allowance for impairment from a customer, Shapadu Energy Services Sdn Bhd, amounting to RM0.8 million, as such amount has been overdue for more than 1 year. Correspondingly, we have also received credit notes from the third party vessel owner supplier for which the amount due to the customer relates to, as the payment to this third party vessel owner is on back-to-back basis. As such, the net impact of such allowance for impairment loss to our profit before tax is RM0.3 million. We had previously provided a 15-day credit term to Shapadu Energy Services Sdn Bhd in FYE 2020. Since beginning of FYE 2021, we do not have any business relationship with this customer; and
- (c) In FYE 2021 and FYE 2022, we made allowances for impairment from a customer, Sapura Pinewell Sdn Bhd ("Sapura Pinewell"), as follows:

FYE	Allowance for impairment (RM million)
2021	4.3
2022	4.3
	8.6

The amount of RM8.6 million, which arose in FYE 2021, represents 100% of the trade receivables owing by Sapura Pinewell to us. Save for this amount, our Group does not have any other receivables owing by any member of the Sapura Energy Berhad ("Sapura Energy") group of companies ("Sapura Group") as at the LPD. Our Group had previously provided a 30-day credit term to Sapura Pinewell in FYE 2021.

Sapura Energy is a company listed on the Main Market of Bursa Securities and is classified as an affected listed issuer under PN17 of the Listing Requirements. In view of the long outstanding debt, the financial condition of Sapura Group and various winding-up petitions served on of Sapura Pinewell, we have made the above allowance for impairment loss.

11. FINANCIAL INFORMATION (*Cont'd*)

Currently, the Sapura Group is undergoing a proof of debt exercise whereby its creditors are to submit various documents to support the outstanding debts due from them. Our Group has already submitted all such documents and Sapura Group has acknowledged the proof of debt due to us, and we currently are awaiting the next course of action to be taken by Sapura Group in addressing the amount due to us.

In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses which has been made in FYE 2021 and FYE 2022, in the financial year(s) in which we recover such amounts.

To manage the risk of further non-recoverability of trade receivables from the Sapura Group, we have, since first quarter of 2022, imposed strict credit terms on this group of companies when we respond to their request for quotations, whereby we will only provide our services to them after they have paid us in advance for such services.

Since the end of FYE 2021, we do not have any business relationship with Sapura Pinewell. In the first quarter of FYE 2022, we had chartered one of our own vessels to Sapura Offshore Sdn Bhd, another member of the Sapura Group, where we only provided our chartering, catering and other services to this customer after they have paid us in advance for such services. Sapura Offshore Sdn Bhd has paid us in full.

Save as disclosed above, there were no other occurrences of material non-recoverability of trade and other receivables in the FYEs and FPE Sep Under Review.

Steps undertaken by our Group to address the outstanding trade and other receivables include the following:

- (a) Send reminder or follow-up emails to customers;
- (b) Obtain explanations for customers regarding reasons for delay;
- (c) If still unpaid, we will follow up with a demand letter; and
- (d) After expiry of demand letter period, we will initiate legal proceedings, either through arbitration or suing for unpaid debts.

The allowances for impairment losses which the Group made in FYE 2021 and FYE 2022 arose due to financial difficulties faced by these customers, and not due to any dispute. RM8.6 million or 86% of the total allowance of impairment losses made was in respect of Sapura Pinewell, a subsidiary of Sapura Energy, which has been classified as an affected listed issuer under PN17 of the Listing Requirements, and which had been granted a restraining order under Section 368(1) of the Companies Act 2016 to stay all legal proceedings and/or further legal proceedings and/or intended and/or future legal proceedings ("Restraining Order"). In view of the Restraining Order, our Group could not commence any legal proceedings to recover the amount due from Sapura Pinewell.

As disclosed in Section 11.2.2(x)(c), Sapura Group has acknowledged the proof of debt due to us, and we currently are awaiting the next course of action to be taken by Sapura Group in addressing the amount due to us. In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses.

11. FINANCIAL INFORMATION (Cont'd)

Since the end of FPE Sep 2023 and up to the LPD, our Group has not encountered any instance of non-recoverability of any receivables.

(xi) Impact of foreign exchange

Currently, our business operations are mainly concentrated in Malaysia and therefore our transactions are mainly denominated in RM whilst our purchase of vessels, purchase of consumables as well as spare parts and equipment from overseas are generally denominated in USD. In FYE 2021, we have expanded our operations to outside Malaysia and therefore recorded revenue in FYE 2021, FYE 2022 and FPE Sep 2023 from one customer denominated in USD, amounting to 6.6%, 1.7% and 0.2% of our total revenue in the respective years/period. Since the end of FPE Sep 2023 and up to the LPD, we recorded revenue denominated in USD amounting to RM5.7 million. We have also bid for other overseas projects for which the revenue is denominated in USD.

Kindly refer to Section 11.10.1 below for detailed explanation on the gain or loss on foreign exchange.

Any material movement of the USD against RM, which is our Group's financial reporting currency will have an impact on our financial results.

11.2.3 Results of operations**11.2.3.1 Revenue**

We derive our revenue from the charter of our own and third party vessels and provision of various onboard amenities and services to our customers. Such services include catering service, laundry service, VSAT internet service and other services in relation to the charter.

We recognise our revenue over time in the period which the services are rendered to the customers. Our revenue mainly comprises the following:

- (i) Chartering revenue from our own and third party vessels, based on the contracted DCR multiplied by the number of days during which these vessels operate. The DCR is for the usage of the vessels as an accommodation, utility and/or maintenance vessel, including services such as its operation and maintenance, housekeeping and medical services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. Other components of chartering revenue are mobilisation fee and demobilisation fee for situating the vessel to and from the on/off-hire port. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers;
- (ii) Catering and laundry service revenue from our own and other third party vessels. Catering income is recognised upon the rendering of catering services such as provision of food and beverages and laundry services to customers over the duration of the charter hire period. Catering and laundry service revenue is dependent on the number of passengers on board the vessels, which may subject to a minimum charge and the number of days which the vessel is on-hired; and
- (iii) Other service income arising from services related to the vessels such as VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

11. FINANCIAL INFORMATION (Cont'd)

Our revenue co-relates with the number of chartered days of our own and third party vessels. Please refer to the table below for the detailed number of chartered days of our vessels and the third party vessels:

Charter information	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
Number of chartered days	Days	Days	Days	Days	Days
Own vessels	255	534	1,488	1,041	1,959
Third party vessels	721	1,082	1,141	810	1,232
Total	976	1,616	2,629	1,851	3,191
Number of chartered days as % of total	%	%	%	%	%
Own vessels	26.1	33.0	56.6	56.2	61.4
Third party vessels	73.9	67.0	43.4	43.8	38.6
Total	100.0	100.0	100.0	100.0	100.0
Average off-hire period per vessel (days) for our own vessels and bareboat chartered vessels	95	127	111	65	37
Utilisation rate – Own vessels (%)	72.9	58.3	65.7	62.4	82.0
Number of vessels	Units	Units	Units	Units	Units
Own vessels ⁽¹⁾	1	4	7	7	10
Third party vessels ⁽²⁾	5	10	8	7	9
Average DCR⁽³⁾	RM'000	RM'000	RM'000	RM'000	RM'000
Own vessels	68.7	75.4	80.0	79.8	83.1
Third party vessels	64.8	65.0	61.7	63.7	65.6

Notes:

(1) In FYE 2020, we only have one own vessel which is LS1.

In FYE 2021, we acquired LS2, Falcon and Kindness. LS2 and Falcon commenced operations in FYE 2021 while Kindness commenced operations in FYE 2022.

In FYE 2022, we acquired Commander, Compassion and Grace, all of which commenced operations in FYE 2022.

In FPE Sep 2023, we acquired Helms 1, Blooming Wisdom and Lestari, all of which commenced operations in FPE Sep 2023.

(2) The full list of third party vessels which were chartered by us is detailed in Section 6.6.4. Out of these third party vessels, our Group has since acquired Commander, Compassion and Grace in FYE 2022 and Helms 1, Blooming Wisdom and Lestari in FPE Sep 2023. We also acquired IMS Aman in January 2024.

(3) Calculated based on revenue from chartering divided by number of chartered days.

11. FINANCIAL INFORMATION (Cont'd)

The number of chartered days for our own vessels have increased at a higher rate as compared to the number of chartered days for third party vessels, as we prioritise the chartering of our own vessels since the fleet expansion of our own vessels. This has resulted in the increase in the proportion of revenue earned from own vessels, as a percentage of total revenue, from FYE 2020 to FYE 2022 and FPE Sep 2023.

The increase in average DCR for our own vessels from FYE 2020 to FYE 2022 and FPE Sep 2023 was mainly due to a higher proportion of DCR and chartered days being contributed by DP2 equipped vessels. The proportion of chartered days being contributed by DP2 equipped own vessels for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 was 0%, 28%, 57% and 45% respectively. DP2 equipped vessels generate higher DCR as compared to similarly-specified 4-point mooring vessels due to their ability to be deployed in harsher weather environments, congested seabeds and deeper waters, which 4-point mooring vessels cannot as mooring/anchoring is not feasible in such conditions.

In FPE Sep 2023, our own vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business. We had bid for Chartering Contracts at higher DCR and these were accepted by our customers. We had submitted higher bids based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates.

Meanwhile, the decrease in the average DCR for third party vessels in FYE 2022 from FYE 2021 was mainly due to a larger proportion of DCR and chartered days being contributed by third party AHTS and PSV being chartered by us, which has a lower DCR compared to AWBs. The proportion of chartered days being contributed by third party vessels which were AHTS or PSV for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 was 8%, 13%, 39% and 35% respectively. The AHTS and PSV which we chartered have a lower DCR compared to AWBs due to their smaller size in terms of length and weight and lower accommodation capacity.

In FPE Sep 2023, third party vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business as explained above.

(i) Revenue by category of vessels and activities

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Own vessels						
Chartering	17,514	23.3	40,287	28.8	119,062	50.4
Catering	1,309	1.7	7,547	5.4	19,614	8.3
Others ⁽¹⁾	544	0.7	3,261	2.3	11,871	5.0
Subtotal	19,367	25.7	51,095	36.5	150,547	63.7
Third party vessels						
Chartering	46,734	62.1	70,338	50.4	70,441	29.8
Catering	7,222	9.6	12,253	8.8	10,424	4.4
Others ⁽¹⁾	1,908	2.6	6,070	4.3	4,792	2.1
Subtotal	55,864	74.3	88,661	63.5	85,657	36.3
Total	75,231	100.0	139,756	100.0	236,204	100.0

11. FINANCIAL INFORMATION (Cont'd)

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
	RM'000	%	RM'000	%
Own vessels				
Chartering	83,034	49.3	162,770	52.4
Catering	14,078	8.3	34,730	11.2
Others ⁽¹⁾	8,547	5.1	12,237	3.9
Subtotal	105,659	62.7	209,737	67.5
Third party vessels				
Chartering	51,616	30.6	80,827	26.0
Catering	8,399	5.0	13,481	4.3
Others ⁽¹⁾	2,927	1.7	6,873	2.2
Subtotal	62,942	37.3	101,181	32.5
Total	168,601	100.0	310,918	100.0

Note:

- (1) Others refer to revenue from VSAT internet charges, BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

(ii) Commentary on revenue

All of our Group's revenue was derived from Malaysia throughout the FYEs and FPE Sep Under Review, except for FYE 2021 and FYE 2022 where 6.6% and 1.7% of our revenue respectively was derived from a Chartering Contract which was carried out in the Philippines and for FPE Sep 2023 where 0.2% of our revenue respectively was derived from a Chartering Contract which was carried out in the Thailand.

(a) Comparison between FYE 2020 and FYE 2021Own vessels – LS1, LS2 and Falcon

In FYE 2020, we only have 1 own vessel, LS1, while in FYE 2021, we have 3 own vessels in operation, LS1, LS2 and Falcon. Revenue contributed by own vessels increased by RM31.7 million or 163.4% from RM19.4 million in FYE 2020 to RM51.1 million in FYE 2021. The increase was due to the following factors:

- (aa) In FYE 2021, the total number of 534 chartered days were contributed by LS1 (202 days), LS2 (180 days) and Falcon (152 days) as compared to FYE 2020 which was only contributed by LS1 (255 days). LS2 commenced operations in May 2021 while Falcon commenced operations in March 2021;
- (bb) In FYE 2021, higher average DCR for Falcon, being a DP2 vessel, also contributed to the increased revenue, as DP2 vessels typically command higher DCR compared to 4-point mooring vessels;

11. FINANCIAL INFORMATION (Cont'd)

- (cc) LS1 and LS2's average DCR in FYE 2021 is higher than LS1's average DCR for FYE 2020. We had bid for LS1 and LS2's Chartering Contracts at a higher DCR in FYE 2021 and these were accepted by our customer. We had submitted a higher bid based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. As LS1 and LS2 are of similar specifications, their DCRs are comparable to each other; and
- (dd) Revenue from catering income increased in FYE 2021 as compared to FYE 2020 due to the higher number of passengers served in our own vessels, in tandem with the increase in number of chartering days.

Third party vessels

Revenue contributed by third party vessels increased by RM32.8 million or 58.7% from RM55.9 million in FYE 2020 to RM88.7 million in FYE 2021. This is due to higher number of chartered days in FYE 2021 (1,082 days) as compared to FYE 2020 (721 days) which led to higher chartering, catering and other revenue from third party vessels.

The higher number of chartered days in FYE 2021 was due to our Group's strategy whereby we reduced our overall GP margin for third party vessels to cater for higher number of chartered days. In addition, we commenced the bareboat charter of Grace, Compassion, Commander and Helms 1 in FYE 2021, prior to acquiring them in FYE 2022 and FYE 2023, which contributed to the number of third party vessel chartered days.

Meanwhile, average DCR for third party vessels were slightly higher* than previous corresponding period due to improvement in offshore activities and higher demand for vessels in line with an increase in crude oil prices which led to customers being more receptive to accept Chartering Contracts at higher DCR.

Note:

- * Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

Revenue from catering income in FYE 2021 was higher compared to FYE 2020, as there were more passengers served for catering services mainly due to the higher number of chartered days for third party vessels, which also led to higher chartering revenue from third party vessels.

Major customers

Major customers during FYE 2021 include PCSB (RM39.2 million), Dayang Enterprise Group (RM20.3 million), Sapura Pinewell (RM17.7 million), Bumi Armada Navigation Sdn Bhd (RM11.8 million) and PTTEP Sarawak Oil Limited (RM9.3 million).

11. FINANCIAL INFORMATION (*Cont'd*)

(b) Comparison between FYE 2021 and FYE 2022

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Revenue contributed by own vessels increased by RM99.4 million or 194.5% from RM51.1 million in FYE 2021 to RM150.5 million in FYE 2022. The increase was mainly due to the following:

- (aa) In FYE 2022, the total number of 1,488 chartered days were contributed by LS1 (242 days), LS2 (220 days), Falcon (287 days), Grace (212 days), Compassion (312 days), Commander (42 days) and Kindness (173 days) as compared to FYE 2021 which was only contributed by LS1 (202 days), LS2 (180 days) and Falcon (152 days). The higher number of chartered days for our own vessels were in tandem with the rise in crude oil prices and PAC's capital expenditures as set out in Section 7.

Previously, Grace, Compassion and Commander are third party vessels until we acquired them in February 2022. Meanwhile, Kindness which was acquired by our Group in November 2021, commenced its charter in FYE 2022;

- (bb) Average DCR in FYE 2022 which is higher than FYE 2021 for LS1, LS2 and Falcon and higher DCR for own vessels which are DP2-equipped vessels. We had bid for LS1, LS2 and Falcon's Chartering Contracts at a higher DCR in FYE 2022 and these were accepted by our customers. We had submitted a higher bid based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. LS1 and LS2 were chartered to the same customer in FYE 2021 and FYE 2022, while Falcon was chartered to different customers;

- (cc) Revenue from catering income increased in FYE 2022 as compared to previous corresponding period due to higher number of passengers served, in line with the increase in number of chartered days for own vessels, as well as increased catering rates in FYE 2022; and

- (dd) Revenue from others increased by RM8.6 million which was mainly contributed by revenue from VSAT which increase from RM2.5 million in FYE 2021 to RM6.6 million in FYE 2022. This was mainly due to higher number of total chartered days for own vessels and higher VSAT rates charged to our customers as a result of higher bandwidth requirements. VSAT internet charges are based on the bandwidth supplied and charged based on the number of days which the vessel is chartered and therefore these two factors correlate directly to the VSAT revenue earned. Our VSAT rates increased from between RM3,333 to RM6,000 per day in FYE 2021 to between RM5,000 to RM6,000 per day in FYE 2022.

In FYE 2022, we earned VSAT revenue from all of our customers who chartered our own AWBs, except for Kindness where our customers did not require such service.

11. FINANCIAL INFORMATION (Cont'd)Third party vessels

Revenue contributed by third party vessels decreased by RM3.0 million or 3.4% from RM88.7 million in FYE 2021 to RM85.7 million in FYE 2022. We recorded a higher number of chartered days in FYE 2022 (1,141 days) as compared to FYE 2021 (1,082 days) but a lower average DCR (which decreased from RM65,000 in FYE 2021 to RM61,700 in FYE 2022) for third party vessels in FYE 2022 as compared to FYE 2021, as the third party vessels chartered during FYE 2022 consist of a larger proportion of third party AHTS and PSV, which has a lower DCR as compared to AWBs.

Revenue from catering income in FYE 2022 was lower compared to FYE 2021, as there were lesser passengers served for catering services. Despite the increase in number of chartered days for third party vessels in FYE 2022 as compared to FYE 2021, there were lesser passengers served for catering services. This was due to a higher proportion of third party vessels with lower accommodation capacity, i.e AHTS and PSV.

Major customers

Major customers during FYE 2022 include PCSB (RM86.9 million), Malaysia Deepwater Production Contractors Sdn Bhd (RM30.8 million), Dayang Enterprise Group (RM26.8 million), Helms Geomarine Sdn Bhd (RM20.3 million) and Tanjung Offshore Services Sdn Bhd (RM13.3 million).

(c) Comparison between FPE Sep 2022 and FPE Sep 2023Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

In FPE Sep 2023, our Group added another 3 vessels to our fleet, namely Lestari, Blooming Wisdom and Helms 1. Revenue contributed by own vessels increased by RM104.0 million or 98.4% from RM105.7 million in FPE Sep 2022 to RM209.7 million in FPE Sep 2023. The increase was due to the following factors:

- (aa) In FPE Sep 2022, the total number of 1,041 chartered days were contributed by 7 own vessels at that time, namely LS1, LS2, Falcon, Grace, Compassion, Commander and Kindness. Our Group acquired 3 additional own vessels in FPE Sep 2023, namely Lestari, Blooming Wisdom and Helms 1. All of our own vessels have commenced operations as at September 2023, which contributed to the 1,959 chartered days for FPE Sep 2023.

Further, the increase in the utilisation rate for our own vessels from 62.4% in FPE Sep 2022 to 82.0% in FPE Sep 2023 also contributed to the increase in revenue.

The higher utilisation rate for our own vessels were in line with the increase in the estimated number of offshore support vessels to be chartered in 2023 and capital investment allocation by PETRONAS for 2023 as set out in Section 7;

11. FINANCIAL INFORMATION (*Cont'd*)

- (bb) The increase in revenue in FPE Sep 2023 was also contributed by an increase in average DCRs achieved. In FPE Sep 2023, our own vessels fetched a higher average DCR of RM83,100 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business. We had bid for Chartering Contracts at higher DCR and these were accepted by our customers. We had submitted higher bids based on our internal assessment of the AWB chartering market, such as the availability of similar vessels in the market and prevailing market rates. LS1 and LS2 were chartered to the same customer in FPE Sep 2022 and FPE Sep 2023, while our other own vessels were chartered to different customers; and
- (cc) Revenue from catering income increased in FPE Sep 2023 as compared to FPE Sep 2022 due to the higher number of passengers served in our own vessels, in line with the increase in number of chartering days, as well as increase in catering rates in FPE Sep 2023.

Third party vessels

Revenue contributed by third party vessels increased by RM38.3 million or 60.9% from RM62.9 million in FPE Sep 2022 to RM101.2 million in FPE Sep 2023.

This was mainly contributed by increase in third party vessels chartering revenue by RM29.2 million, which arose due to the higher number of chartered days in FPE Sep 2023 (1,232 days) as compared to FPE Sep 2022 (810 days) and higher average DCR of RM83,100 achieved in FPE Sep 2023 as compared to FPE Sep 2022 of RM79,800 due to improved market conditions for our vessel chartering business as explained above. Meanwhile, third party catering revenue increased by RM5.1 million as there were more passengers served, in line with the increase in total number of chartered days, as well as increase in catering rates.

Major customers

Major customers during FPE Sep 2023 include PCSB* (RM179.5 million), Petra Resources Sdn Bhd (RM23.9 million), Malaysia Deepwater Production Corporation Sdn Bhd (RM23.3 million), Helms Geomarine Sdn Bhd (RM13.3 million) and Perdana Nautika Sdn Bhd (RM9.8 million).

Note:

- * In FPE Sep 2023, we had secured and undertaken 10 Chartering Contracts from PCSB, as compared to 5 Chartering Contracts in FYE 2022. The number of Chartering Contracts secured from any one of our customers, including PCSB, may differ from year to year and may not recur in subsequent financial years.

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11. FINANCIAL INFORMATION (Cont'd)

11.2.3.2 Cost of sales, GP and GP margin

Our cost of sales can generally be categorised into the following:

Own vessels

- (i) Marine cost of sales which consist mainly of marine crew salary and crew-related costs (such as travelling and land accommodation for mobilisation and demobilisation), vessel operation and maintenance costs such as annual repairs and maintenance for own vessels including replacement and spare parts and consumable materials, rental of equipment required for the charter such as gangway and accessories, personal transfer basket and portable generators, berthing fees, commissions and project expenses;
- (ii) Non-cash depreciation charge and dry docking amortisation on our own vessels;
- (iii) Catering cost of sales which consist mainly of catering crew salary and food and beverage provisions costs; and
- (iv) Other cost of sales which consist of VSAT internet charges, costs related to BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.

Third party vessels

- (i) Vessel chartering costs charged by third party vessel owners, including their DCR and mobilisation/demobilisation costs, project expenses such as rental of equipment as required by the charterers, brokerage fee and commissions;
- (ii) Catering costs which are either:
 - (a) The catering fees charged by third party vessel owners where we do not undertake the catering service; or
 - (b) Catering crew salary and food and beverage provisions costs where we undertake the catering service; and
- (iii) Other cost of sales which consist of VSAT internet charges charged by the third party vessel owner.

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11. FINANCIAL INFORMATION (Cont'd)**(i) Analysis of cost of sales by segment**

Our cost of sales by segment are as follows:

Cost of sales	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Own vessels⁽¹⁾						
<i>Marine costs:</i>						
Vessel and vessel equipment depreciation	4,000	7.4	8,463	8.7	17,267	11.8
Own crew costs	2,458	4.5	7,476	7.7	25,662	17.5
Vessel operation and maintenance costs ⁽²⁾	2,184	4.0	6,624	6.8	33,916	23.1
Subtotal	8,642	15.9	22,563	23.2	76,845	52.4
Catering costs	676	1.2	4,131	4.3	7,913	5.4
Others ⁽³⁾	334	0.6	1,065	1.1	1,119	0.8
	9,652	17.7	27,759	28.6	85,877	58.6
Third party vessels						
<i>Chartering costs:</i>						
Third party chartering fee	37,311	68.7	41,954	43.2	37,429	25.5
Vessel operation and maintenance costs ⁽²⁾	1,394	2.6	11,443	11.8	4,527	3.1
Own crew costs ⁽⁴⁾	-	-	3,478	3.6	2,787	1.9
Right-of-use assets depreciation ⁽⁵⁾	-	-	1,969	2.0	6,248	4.3
Subtotal	38,705	71.3	58,844	60.6	50,991	34.8
<i>Catering costs:</i>						
Fees charged by third party vessel owners ⁽⁶⁾	3,455	6.4	5,012	5.2	3,199	2.2
Own catering costs ⁽⁷⁾	1,146	2.1	2,482	2.5	3,286	2.2
Subtotal	4,601	8.5	7,494	7.7	6,485	4.4
Others ⁽³⁾	1,377	2.5	3,073	3.1	3,279	2.2
	44,683	82.3	69,411	71.4	60,755	41.4
Total	54,335	100.0	97,170	100.0	146,632	100.0

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11. FINANCIAL INFORMATION (Cont'd)

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
Cost of sales	RM'000	%	RM'000	%
Own vessels⁽¹⁾				
<i>Marine costs:</i>				
Vessel and vessel equipment depreciation	12,563	11.7	18,546	11.1
Own crew costs	17,563	16.4	24,486	14.6
Vessel operation and maintenance costs ⁽²⁾	24,429	22.7	33,334	19.9
Subtotal	54,555	50.8	76,366	45.6
Catering costs	5,589	5.2	14,220	8.5
Others ⁽³⁾	904	0.8	1,786	1.0
	61,048	56.8	92,372	55.1
Third party vessels				
<i>Chartering costs:</i>				
Third party chartering fee	29,328	27.3	47,782	28.5
Vessel operation and maintenance costs ⁽²⁾	3,607	3.3	5,502	3.3
Own crew costs ⁽⁴⁾	2,800	2.6	2,860	1.7
Right-of-use assets depreciation ⁽⁵⁾	3,969	3.7	6,333	3.8
Subtotal	39,704	36.9	62,477	37.3
<i>Catering costs:</i>				
Fees charged by third party vessel owners ⁽⁶⁾	2,301	2.1	6,524	3.9
Own catering costs ⁽⁷⁾	2,503	2.3	2,661	1.6
Subtotal	4,804	4.4	9,185	5.5
Others ⁽³⁾	2,003	1.9	3,497	2.1
	46,511	43.2	75,159	44.9
Total	107,559	100.0	167,531	100.0

Notes:

- (1) For FYE 2020, we only have one own vessel which is LS1. Our Group's second and third vessels, LS2 and Falcon were both only available for charter from May 2021 and March 2021 onwards respectively, and therefore only contributed to the cost of sales in FYE 2021. Kindness was acquired in November 2021 but only available for charter in FYE 2022, and therefore only contributed to the cost of sales in FYE 2022. We acquired Commander, Compassion and Grace on 18 February 2022, which contributed to the cost of sales in FYE 2022. We acquired 3 additional own vessels, namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.

11. FINANCIAL INFORMATION (Cont'd)

- (2) Vessel operation and maintenance costs include off-hire costs (such as marine gas oil and berthing fees), annual repairs and maintenance costs including replacement and spare parts as well as rental of equipment, berthing fees and project expenses which are required for our chartering projects. Own vessels' off-hire costs included herein amounted to RM0.4 million, RM2.3 million, RM3.8 million and RM5.7 million for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively. Meanwhile, own vessels annual repair and maintenance amounted to RM1.8 million, RM4.1 million and RM22.2 million and RM13.0 million for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively. For third party vessels, such costs comprise items which are directly borne by our Group, including for third party vessels which we bareboat charter.
- (3) Others refer to cost of sales from VSAT internet charges, costs related to BMS / TMS, rental of project equipment such as lifejackets, gangway accessories, air tugger and others.
- (4) We employ our own crew members to operate the third party vessels which we bareboat charter.
- (5) As the bareboat charters of Helms 1 and Daya Indah Satu are for periods exceeding 1 year each, these are accounted for as right-of-use assets under MFRS 16 and depreciated over such bareboat charter period.
- (6) Where Keyfield Offshore does not undertake the catering services for third party vessels. None of our other subsidiaries undertake any catering services.
- (7) Where Keyfield Offshore undertakes the catering services for third party vessels.

(ii) Analysis of GP and GP margin by segment

Our GP and GP margin for the FYEs 2020 to 2022 and FPE Sep 2023 are set out below:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
GP	RM'000	RM'000	RM'000	RM'000	RM'000
Own vessels⁽¹⁾					
Chartering ⁽²⁾	8,872	17,724	42,217	28,479	86,404
Catering	633	3,416	11,701	8,489	20,510
Others	210	2,196	10,752	7,643	10,451
	9,715	23,336	64,670	44,611	117,365
Third party vessels					
Chartering	8,029	11,494	19,450	11,912	18,350
Catering	2,621	4,759	3,939	3,595	4,296
Others	531	2,997	1,513	924	3,376
	11,181	19,250	24,902	16,431	26,022
Total	20,896	42,586	89,572	61,042	143,387

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) For FYE 2020, we only have one own vessel which is LS1. Our Group's second and third vessels, LS2 and Falcon were both only available for charter from May 2021 and March 2021 onwards respectively, and therefore only contributed to the GP in FYE 2021. Kindness was acquired in November 2021 but only available for charter in FYE 2022, and therefore only contributed to the GP in FYE 2022. We acquired Commander, Compassion and Grace on 18 February 2022, which contributed to the GP in FYE 2022. We acquired 3 additional own vessels, namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.
- (2) Total GP for own vessels chartering is arrived at by deducting own vessels' marine costs from own vessels' chartering revenue.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
GP margin	%	%	%	%	%
Own vessels^(a)					
Chartering	50.7	44.0	35.5	34.3	53.1
Catering	48.4	45.3	59.7	60.3	59.1
Others	38.6	67.3	90.6	89.4	85.4
	50.2	45.7	43.0	42.2	56.0
Third party vessels^(b)					
Chartering	17.2	16.3	27.6	23.1	22.7
Catering	36.3	38.8	37.8	42.8	31.9
Others	27.8	49.4	31.6	31.6	49.1
	20.0	21.7	29.1	26.1	25.7
Overall GP margin	27.8	30.5	37.9	36.2	46.1

Notes:

- (a) The GP margin for own vessels is arrived at after including vessel and vessel equipment depreciation as part of cost of sales, consistent with the presentation of the Accountants' Report in Section 12 as this is an expense which is directly attributable to the earning of revenue.
- (b) The GP margin for third party vessels is arrived at after including depreciation of right-of-use assets as part of cost of sales, consistent with the presentation of the Accountants' Report in Section 12 as this is an expense which is directly attributable to the earning of revenue.

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11. FINANCIAL INFORMATION (Cont'd)

Overall, the GP margin earned on third party vessels is lower than that for our own vessels due to the following:

- (i) In respect of our own vessels, we are the ship owner and have already incurred significant capital expenditure to acquire the vessel. As such, there is a higher degree of financial commitment which has already been made. The cost of sales for own vessels mainly consist of non-cash items such as vessel and vessel equipment depreciation and dry docking amortisation, marine and catering crew salaries and with minimal daily operational costs when our own vessels are on-hired as the cost of marine gas oil are borne by our customer during such period. Cost of sales for own vessels also include items such as spare parts and consumables, repairs and maintenance and costs during the period in which our own vessels are off-hire;
- (ii) In respect of third party vessels which we charter on time charter basis, we did not incur any capital expenditure to acquire the vessel, but only charter these as and when we have secured a Chartering Contract. Due to such cost structure, we adopt a pricing strategy whereby we are able to scale up/down our operations by earning a lower GP margin for third party vessels. Our Group only earns GP after deducting the chartering costs charged by the owners, i.e. we charter out such vessels on back-to-back basis with lower fixed costs incurred and with no capital investment; and
- (iii) In respect of third party vessels which we charter on bareboat charter basis, the GP Margin earned is lower than the GP margin for own vessels as the right-of-use asset is depreciated over the period of the bareboat charter, while for our own vessels, the cost of the vessel is depreciated over its remaining useful life. In the case of Daya Indah Satu and Daya Ceria, the period of the bareboat charters is for one year each, with an extension option of another year, while our own vessels are depreciated over their remaining useful lives of between 11 years and 25 years from the month in which they were acquired. Our GP is earned after deducting the depreciation of right-of-use assets, our marine crew costs and daily operational costs. Vessels which we charter on bareboat charter basis are accounted for as right-of-use assets in accordance with MFRS 16.

(iii) Commentary on cost of sales, GP and GP margin**(a) Comparison between FYE 2020 and FYE 2021****Cost of sales**

In FYE 2021, we incurred cost of sales of RM97.2 million as compared to cost of sales of RM54.3 million in FYE 2020.

Own vessels – LS1, LS2 and Falcon

Cost of sales for own vessels in FYE 2021 was contributed by 3 own vessels, namely LS1, LS2 and Falcon, whereas cost of sales in FYE 2020 was contributed by LS1. Resulting from this, cost of sales for own vessels increased to RM27.8 million in FYE 2021 from RM9.7 million in FYE 2020.

Catering costs increased by RM3.4 million to RM4.1 million in FYE 2021 in tandem with the increase in number of passengers served in our own vessels in FYE 2021.

11. FINANCIAL INFORMATION (Cont'd)Third party vessels

Cost of sales for third party vessels increased by RM24.7 million or 55.3% to RM69.4 million in FYE 2021 from RM44.7 million in FYE 2020. The increase in cost of sales was mainly due to increase in chartering costs such as third party chartering fees as a result of higher number of chartered days, as well as higher operational and own crew costs incurred by us in respect of third party vessels which we had chartered on a bareboat basis during FYE 2021.

In FYE 2021, we had chartered Grace, Compassion, Commander and Helms 1 on a bareboat charter basis. We subsequently acquired all of these vessels in FYE 2022 (Grace, Compassion and Commander) and FYE 2023 (Helms 1).

The increase in cost of sales for third party vessels is in tandem with the increase in revenue earned by third party vessels in FYE 2021 resulting from higher number of chartered days.

GP and GP margin

In FYE 2021, our Group's total GP increased by RM21.7 million or 103.8% to RM42.6 million as compared to RM20.9 million in FYE 2020. The increase in total GP was mainly contributed by own vessels which increased to RM23.3 million in FYE 2021 from RM9.7 million in FYE 2020. Meanwhile, total GP for third party vessels increased to RM19.3 million in FYE 2021 as compared to RM11.2 million in FYE 2020.

In FYE 2021, our Group's overall GP margin increased to 30.5% from 27.8% in FYE 2020. The GP margin for own vessels decreased to 45.7% from 50.2% mainly due to the higher average number of off-hire days of 127 days in FYE 2021 as compared to 95 days in FYE 2020 as well as time and costs required to prepare the additional vessels (LS2 and Falcon) for operations. Meanwhile, there was an increase in GP margin for third party vessels to 21.7% from 20.0% as we managed to secure better average DCRs from RM64,800 in FYE 2020 to RM65,000 in FYE 2021, increase in catering rates and higher VSAT rates charged in respect of the charter of third party vessel. Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

Own vessels – LS1, LS2, Falcon

Own vessels' GP increased to RM23.3 million in FYE 2021 from RM9.7 million in FYE 2020 due to the addition of LS2 and Falcon, which were commenced operations during FYE 2021. GP margin for own vessels decreased to 45.7% in FYE 2021 from 50.2% in FYE 2020 mainly due to the higher average number of off-hire days of 127 days in FYE 2021 as compared to 95 days in FYE 2020. The higher average number of off-hire days was in line with the decline in the AWB chartering market in Malaysia due to operational disruptions resulting from COVID-19. In addition, the decrease in GP margin for own vessels was due to the addition of LS2 and Falcon, being the first year of operations where time and costs were required to prepare the vessels for operations such as sea trials to obtain the relevant certificates prior to chartering for the first time in Malaysia. Meanwhile, GP margin for catering for own vessels decreased to

11. FINANCIAL INFORMATION (Cont'd)

45.3% in FYE 2021 from 48.4% in FYE 2020 due to the increase in food and beverage provisions cost.

Third party vessels

The GP for third party vessels increased to RM19.3 million in FYE 2021 from RM11.2 million in FYE 2020 due to the increase in the number of chartered days for third party vessels in FYE 2021, which included vessels which we bareboat charter. The GP margin for third party vessels increased to 21.7% in FYE 2021 as compared to 20.0% in FYE 2020 as we managed to secure better average DCRs from RM64,800 in FYE 2020 to RM65,000 in FYE 2021, increase in catering rates and higher VSAT rates charged in respect of the charter of third party vessels. Despite the increase in average DCR, we recorded a decrease in GP margin for the chartering revenue of third party vessels from 17.2% in FYE 2020 to 16.3% in FYE 2021 due to the increase in average DCR rates charged by third party owners to our Group, resulting in reduction in third party vessels' chartering GP Margin.

(b) Comparison between FYE 2021 and FYE 2022

Cost of sales

In FYE 2022, we incurred total cost of sales of RM146.6 million as compared to cost of sales of RM97.2 million in FYE 2021.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Cost of sales for own vessels in FYE 2022 was contributed by 4 additional own vessels, namely Kindness, Grace, Compassion and Commander, whereas cost of sales in FYE 2021 was contributed by LS1, LS2 and Falcon only. Resulting from this, cost of sales for own vessels increased to RM85.9 million in FYE 2022 from RM27.8 million in FYE 2021.

There was an increase of RM27.3 million in the cost of sales for own vessels in FYE 2022 which was attributable to vessel operation and maintenance cost.

Vessel operation and maintenance cost increased by RM27.3 million (from RM6.6 million to RM33.9 million) due to increase in costs for off-hire period such as marine gas oil and berthing fees by RM1.5 million, higher project equipment rental by RM3.4 million due to higher number of chartered days, additional mobilisation costs by RM4.3 million to prepare the vessels for operations such as replacement parts and sea trials to obtain the relevant certificates required before we charter our vessels as well as higher annual repairs and maintenance cost by RM18.1 million for our expanded fleet, including full year costs for LS2 and Falcon (as FYE 2022 is the first year where LS2 and Falcon operated for a full financial year), higher repairs and maintenance cost for LS1 which is 5 years old and for Commander which is 14 years old as of FYE 2022.

Catering costs increased by RM3.8 million to RM7.9 million in FYE 2022 in tandem with the increase in catering revenue earned by our own vessels.

11. FINANCIAL INFORMATION (*Cont'd*)

Third party vessels

Cost of sales for third party vessels decreased by RM8.6 million or 12.4% to RM60.8 million in FYE 2022 from RM69.4 million in FYE 2021. The decrease in cost of sales was mainly due to:

- (i) Reduction in vessel operation, maintenance and crew costs for third party vessels in FYE 2022 compared to FYE 2021. In FYE 2021, our Group had bareboat chartered Grace, Compassion and Commander since August 2021. Subsequently, we acquired these three vessels in February 2022 and their costs are accordingly classified under own vessels' cost of sales;
- (ii) Reduction in third party chartering fee despite an increase in number of chartered days for third party vessels in FYE 2022, as the third party vessels chartered during FYE 2022 consist of a larger proportion of third party AHTS and PSV, which has a lower DCR as compared to AWBs. The increased in number of chartered days in FYE 2022 was mainly contributed by Helms 1, which is a PSV (with geotechnical capabilities). We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins; and
- (iii) Recognition of the bareboat charters of Helms 1 and Daya Indah Satu as right-of-use assets, whereby their depreciation contributes to the cost of sales.

GP and GP margin

In FYE 2022, our Group's total GP increased by RM47.0 million or 110.3% to RM89.6 million from RM42.6 million in FYE 2021. The increase in total GP was mainly contributed by own vessels which increased to RM64.7 million in FYE 2022 from RM23.3 million in FYE 2021. Meanwhile, GP for third party vessels increased to RM24.9 million in FYE 2022 as compared to RM19.3 million in FYE 2021.

In FYE 2022, our Group's overall GP margin increased to 37.9% from 30.5% in FYE 2021. The GP margin for own vessels decreased to 43.0% from 45.7% mainly due to the increase in vessel operation and maintenance costs. There was an increase in GP margin for third party vessels to 29.1% from 21.7% mainly due to a higher proportion of GP being contributed by third party vessels which were bareboat chartered in FYE 2022. This was mainly contributed by the charter of Helms 1. We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins.

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11. FINANCIAL INFORMATION (Cont'd)Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander

Own vessels' GP increased to RM64.7 million in FYE 2022 from RM23.3 million in FYE 2021 due to the addition of Kindness, Grace, Compassion and Commander which commenced operations during FYE 2022. Meanwhile GP margin for own vessels decreased to 43.0% in FYE 2022 from 45.7% in FYE 2021 mainly due to higher vessel operation and maintenance cost in FYE 2022.

Vessel operation and maintenance cost increased by RM27.3 million (from RM6.6 million to RM33.9 million) due to increase in costs for off-hire period such as marine gas oil and berthing fees by RM1.5 million, higher project equipment by RM3.4 million, additional mobilisation costs by RM4.3 million to prepare the vessels for operations such as replacement parts and sea trials to obtain the relevant certificates required before we charter our vessels as well as higher annual repairs and maintenance cost for our expanded fleet by RM18.1 million including full year costs for LS2 and Falcon, higher repairs and maintenance cost for LS1 which is 5 years old and for Commander which is 14 years old as of FYE 2022. We incur annual repairs and maintenance cost for each of our own vessels and vessels which we bareboat charter.

Meanwhile, GP margin for catering for own vessels increased to 59.7% in FYE 2022 from 45.3% in FYE 2021 due to higher catering rates secured.

Third party vessels

Third party vessels GP increased to RM24.9 million from RM19.3 million with the increase in number of chartered days for third party vessels. Meanwhile, GP margin increased to 29.1% in FYE 2022 as compared to 21.7% in FYE 2021 mainly due to a higher proportion of GP being contributed by third party vessels which were bareboat chartered in FYE 2022. This was mainly contributed by the charter of Helms 1. We had bareboat chartered Helms 1 for the entire year and chartered it to our customer for the entire year without incurring any off-hire costs thereby improving our GP margins. The GP and GP margin for Helms 1 for FYE 2022 was RM6.8 million and 42.7%, respectively.

(c) Comparison between FPE Sep 2022 and FPE Sep 2023**Cost of sales**

In FPE Sep 2023, we incurred cost of sales of RM167.5 million as compared to cost of sales of RM107.6 million in FPE Sep 2022.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

Cost of sales for own vessels in FPE Sep 2023 of RM92.4 million was contributed by 10 own vessels, whereas cost of sales in FPE Sep 2022 of RM61.0 million was contributed by 7 own vessels. Our Group acquired 3 additional own vessels in FPE Sep 2023, namely Lestari, Blooming Wisdom and Helms 1. Resulting from the acquisitions, total marine cost for own vessels increased by RM21.8 million to RM76.4 million in FPE Sep 2023 from RM54.6 million in FPE Sep 2022. The increase in cost of sales for own vessels was mainly contributed by increase in vessel operation and maintenance costs (by RM8.9 million), increase in vessel and vessel equipment depreciation (by RM5.9 million) and increase in own crew costs (by RM6.9 million). The

11. FINANCIAL INFORMATION (Cont'd)

increases in vessel operation and maintenance costs as well as depreciation were mainly due to increase in number of own vessels in FPE Sep 2023 while increase in own crew costs was mainly due to higher number of chartered days for our own vessels during the same period.

Catering costs for own vessels increased by RM8.6 million to RM14.2 million in FPE Sep 2023 in line with the increase in number of passengers served in our own vessels as well as general increase in prices of food and beverage provisions due to inflationary pressures.

Third party vessels

Cost of sales for third party vessels increased by RM28.7 million or 61.7% to RM75.2 million in FPE Sep 2023 from RM46.5 million in FPE Sep 2022. The increase was mainly contributed by chartering costs for third party vessels which increased by RM22.8 million or 57.4% to RM62.5 million in FPE Sep 2023 from RM39.7 million in FPE Sep 2022. This was mainly due to increase third party chartering fees by RM18.5 million as a result of higher number of chartered days. We also incurred higher vessel operation and maintenance costs by RM1.9 million as there were 3 third party vessels bareboat chartered by us in FPE Sep 2023 (Helms 1 from January 2023 until it was acquired by our Group on 7 April 2023, Daya Indah Satu for entire FPE Sep 2023 and Daya Ceria from July 2023 onwards) as compared to 1 in FPE Sep 2022 (Helms 1 for entire FPE Sep 2022). Under the bareboat charter agreement between our Group and the third party owners, we are responsible for the vessel operation and maintenance costs.

The increase in cost of sales for third party vessels is in line with the increase in revenue earned by third party vessels in FPE Sep 2023 resulting from higher number of chartered days.

GP and GP margin

In FPE Sep 2023, our Group's total GP increased by RM82.4 million or 135.1% to RM143.4 million as compared to RM61.0 million in FPE Sep 2022. The increase in total GP was mainly contributed by own vessels which increased by RM72.8 million to RM117.4 million in FPE Sep 2023 from RM44.6 million in FPE Sep 2022. Meanwhile, total GP for third party vessels increased to RM26.0 million in FPE Sep 2023 as compared to RM16.4 million in FPE Sep 2022.

In FPE Sep 2023, our Group's overall GP margin increased to 46.1% from 36.2% in FPE Sep 2022. The GP margin for own vessels increased to 56.0% from 42.2% mainly due to the reason as stated below. There was a decrease in GP margin for third party vessels to 25.7% from 26.1% mainly due to increase in average DCR rates charged by third party owners to our Group.

Own vessels – LS1, LS2, Falcon, Kindness, Grace, Compassion, Commander, Lestari, Blooming Wisdom and Helms 1

Own vessels' GP increased to RM117.4 million in FPE Sep 2023 from RM44.6 million in FPE Sep 2022 mainly contributed by the following:

- (aa) GP from Grace, Compassion and Commander for the full 9 months financial period in FPE Sep 2023 as compared to FPE Sep 2022 whereby these three vessels were only acquired on 18 February 2022;

11. FINANCIAL INFORMATION (*Cont'd*)

- (bb) GP from Blooming Wisdom and Helms 1 after their acquisitions by our Group on 7 April 2023; and
- (cc) An increase in total GP for catering due to increase in number of passengers served in line with the increase in number of vessels and chartered days.

Resulting from the above, our GP margin increased to 56.0% in FPE Sep 2023 from 42.2% in FPE Sep 2022 mainly due to the following:

- (aa) Increase in number of chartered days, resulting from both an increase in number of own vessels as well as their utilisation rates; and
- (bb) An increase in average DCR due to increased demand for our vessels and improved market conditions, as explained in the revenue section above.

However, our GP margin for catering decreased to 59.1% from 60.3% due to increase in costs of food and beverage provisions.

Third party vessels

The total GP for third party vessels increased to RM26.0 million in FPE Sep 2023 from RM16.4 million in FPE Sep 2022 due to the increase in the number of chartered days for third party vessels. The GP margin for third party vessels decreased to 25.7% in FPE Sep 2023 as compared to 26.1% in FPE Sep 2022, which was due to the lower GP margin for both third party chartering and catering segments. Although third party average DCR for FPE Sep 2023 was higher than FPE Sep 2022, the GP margin for third party chartering decreased to 22.7% in FPE Sep 2023 as compared to 23.1% in FPE Sep 2022, mainly due to increase in average DCR rates charged by third party owners to our Group. Meanwhile, GP margin for catering decreased to 31.9% from 42.8% due to increase in catering costs charged by third party vessel owners (where we do not undertake the catering services for third party vessels) and increase in costs of food and beverage provisions (where we undertake the catering services for third party vessels). We had partially passed on such increase in catering rates charged by third party vessel owners to our customers.

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11. FINANCIAL INFORMATION (Cont'd)
11.2.3.3 Other income

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Gain on foreign exchange:						
- Realised	2,450	52.5	329	18.3	320	3.5
- Unrealised	236	5.1	39	2.2	-	-
Interest income	60	1.3	118	6.6	107	1.2
Fair value adjustment on Keyfield CRNCPS	-	-	-	-	7,282	80.9
Lease income	79	1.7	-	-	16	0.2
Gain on disposal:						
- Property, plant and equipment	-	-	3	0.2	-	-
- Investment property	91	1.9	-	-	-	-
Falcon charter income	1,747	37.5	1,155	64.3	-	-
Insurance claims	-	-	-	-	603	6.7
Gain on lease modification	-	-	-	-	177	2.0
Dividend income from Naka Bayu	-	-	-	-	98	1.1
Miscellaneous	-	-	152	8.4	397	4.4
	4,663	100.0	1,796	100.0	9,000	100.0

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
	RM'000	%	RM'000	%
Gain on foreign exchange:				
- Realised	306	3.6	137	11.9
- Unrealised	-	-	154	13.4
Interest income	85	1.0	307	26.7
Fair value adjustment on Keyfield CRNCPS	7,282	86.4	-	-
Lease income	-	-	72	6.3
Gain on disposal:				
- Property, plant and equipment	-	-	-	-
- Investment property	-	-	-	-
Falcon charter income	-	-	-	-
Insurance claims	464	5.5	394	34.2
Gain on lease modification	177	2.1	-	-
Dividend income from Naka Bayu	-	-	-	-
Miscellaneous	120	1.4	87	7.5
	8,434	100.0	1,151	100.0

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

Other income for FYE 2021 was RM1.8 million as compared to other income for FYE 2020 of RM4.7 million. In FYE 2020 and FYE 2021, we received other income of RM1.7 million and RM1.2 million respectively from the chartering of Falcon prior to her delivery to our Group. Under the terms of the memorandum of agreement for the acquisition of Falcon, all charter income for the period from 2 October 2020 to the date of its delivery to our Group will accrue to Keyfield Offshore. Falcon was delivered to our Group in February 2021. As Falcon did not belong to our Group at this period of time, such charter income is recognised as other income and not as revenue.

In FYE 2021, gain on foreign exchange amounting to RM0.4 million arose from the foreign exchange translation gain on trade receivables which were denominated in USD, resulting from the appreciation of USD against RM. Meanwhile, in FYE 2020, gain on foreign exchange amounting to RM2.7 million arose resulting from the appreciation of RM against USD from the following:

- (i) RM2.1 million from the capitalisation of advances amounting to total of USD8.6 million from WCL and Lavin Group (which were denominated in USD) and were capitalised into our Shares (denominated in RM) and repayment of the balance USD7.8 million (equivalent to RM31.6 million) to Lavin Group in December 2020; and
- (ii) RM0.6 million arising from the re-translation of an amount due by Keyfield Offshore into RM by Keyfield Marine Limited, whose financial statements were denominated in USD.

Comparison between FYE 2021 and FYE 2022

Other income for FYE 2022 was RM9.0 million as compared to other income for FYE 2021 of RM1.8 million. In FYE 2022, other income consisted mainly of the following:

- (i) RM7.3 million arising from fair value adjustment on Keyfield CRNCPS in accordance with MFRS 9. In February 2022, we had issued a total of 570,000,000 Keyfield CRNCPS for the total nominal value of RM142.5 million, for the following:
 - (a) 260,000,000 Keyfield CRNCPS at the nominal value of RM65.0 million for the acquisition of Grace by Keyfield Serenity;
 - (b) 50,000,000 Keyfield CRNCPS at the nominal value of RM12.5 million for the acquisition of Keyfield Resolute by Keyfield; and
 - (c) 260,000,000 Keyfield CRNCPS at the nominal value of RM65.0 million to assume the debt previously owed by Keyfield Resolute to Lavin Group.

The above fair value adjustment arose due to the 3-year tenure of the CRNCPS being discounted to present value at the market rate of 4.9% for comparable market instruments. Such fair value adjustment will be amortised monthly as other expenses of the Group over the 3-year tenure of the Keyfield CRNCPS;

- (ii) RM0.6 million arising from approved insurance claims from our claims made to our insurer for crew-related expenses incurred by us resulting from COVID-19; and
- (iii) RM0.3 million arising from foreign exchange translation gain on trade receivables which were denominated in USD, resulting from the appreciation of USD against RM.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE Sep 2022 and FPE Sep 2023**

Other income for FPE Sep 2023 was RM1.2 million as compared to other income for FPE Sep 2022 of RM8.4 million.

In FPE Sep 2022, there was a one-off fair value adjustment on Keyfield CRNCPS of RM7.3 million which arose due to the 3-year tenure of the Keyfield CRNCPS being discounted to present value at the market rate for comparable market instruments. Such fair value adjustment will be amortised monthly as other expenses of the Group over the 3-year tenure of the Keyfield CRNCPS.

Other income for FPE Sep 2023 mainly comprised the following:

- (i) RM0.4 million arising from insurance claims for faulty/damaged vessel equipment;
- (ii) RM0.3 million arising from interest income on our cash and bank balances, including fixed deposits; and
- (iii) RM0.1 million arising from realised gain on foreign exchange mainly from trade receivables denominated in foreign currency, as a result of appreciation of USD against RM.

11.2.3.4 Administrative expenses

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Staff costs	3,234	65.6	5,042	62.7	9,246	64.0
Professional fees	498	10.1	283	3.5	495	3.4
Insurance	458	9.3	1,933	24.1	2,977	20.6
Lease and utility expenses	115	2.3	107	1.3	114	0.8
Donation and sponsorship	81	1.6	72	0.9	70	0.5
Stamp duty	77	1.6	41	0.5	162	1.1
Miscellaneous ⁽¹⁾	469	9.5	559	7.0	1,383	9.6
	4,932	100.0	8,037	100.0	14,447	100.0

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
	RM'000	%	RM'000	%
Staff costs	6,567	65.4	9,159	66.2
Professional fees	324	3.2	392	2.8
Insurance	2,164	21.5	2,671	19.3
Lease and utility expenses	76	0.8	110	0.8
Donation and sponsorship	66	0.7	177	1.3
Stamp duty	51	0.5	51	0.4
Miscellaneous ⁽¹⁾	795	7.9	1,279	9.2
	10,043	100.0	13,839	100.0

Note:

- (1) Mainly comprising upkeep of office, travelling expenses and bank charges.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

Our Group's administrative expenses increased by RM3.1 million or 63.3% to RM8.0 million in FYE 2021 from RM4.9 million in FYE 2020. The increase was mainly contributed by the increase in staff costs by RM1.8 million due to the increased head count and salary levels to support the growing operations of our Group, as well as increase in insurance costs by RM1.5 million to cover 3 own vessels namely LS1, LS2 and Falcon in FYE 2021, as compared to only LS1 in FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our Group's administrative expenses increased by RM6.4 million or 80.0% to RM14.4 million in FYE 2022 from RM8.0 million in FYE 2021. The increase was mainly contributed by the increase in staff costs by RM4.2 million due to the increased head count and salary levels to support the growing operations of our Group, as well as increase in insurance costs by RM1.0 million to cover 7 own vessels namely LS1, LS2, Falcon, Kindness, Grace, Compassion and Commander in FYE 2022 as compared to only 3 own vessels in FYE 2021.

Comparison between FPE Sep 2022 and FPE Sep 2023

Our Group's administrative expenses increased by RM3.8 million or 38.0% to RM13.8 million in FPE Sep 2023 from RM10.0 million in FPE Sep 2022. The increase was mainly contributed by the increase in staff costs by RM2.6 million due to the increased head count and salary levels to support the growing operations of our Group and increase in insurance costs by RM0.5 million due to the acquisition of 3 additional own vessels namely Lestari, Blooming Wisdom and Helms 1 in FPE Sep 2023.

11.2.3.5 Other expenses and impairment losses on financial assets

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Other expenses						
Depreciation on other assets (such as vessel ⁽¹⁾ and office equipment as well as right-of-use assets)	145	8.9	433	5.7	1,854	17.1
Loss on foreign exchange:						
- Realised	*	*	264	3.5	1,161	10.7
- Unrealised	696	42.6	115	1.5	-	-
IPO expenses	678	41.4	1,112	14.6	1,284	11.8
Accretion of interest on CRNCPS	-	-	-	-	2,260	20.8
Others	100	6.1	-	-	-	-
	1,619	99.0	1,924	25.3	6,559	60.4
Impairment losses on financial assets						
Impairment losses on financial assets	17	1.0	5,677	74.7	4,307	39.6
	17	1.0	5,677	74.7	4,307	39.6
	1,636	100.0	7,601	100.0	10,866	100.0

11. FINANCIAL INFORMATION (Cont'd)

	Unaudited		Audited	
	FPE Sep 2022		FPE Sep 2023	
	RM'000	%	RM'000	%
Other expenses				
Depreciation on other assets (such as vessel ⁽¹⁾ and office equipment as well as right-of-use assets)	1,271	30.3	1,668	30.1
Loss on foreign exchange:				
- Realised	331	7.9	174	3.1
- Unrealised	469	11.2	75	1.4
IPO expenses	545	13.0	1,607	29.0
Accretion of interest on CRNCPS	1,582	37.6	2,004	36.1
Others	-	-	19	0.3
	4,198	100.0	5,547	100.0
Impairment losses on financial assets				
Impairment losses on financial assets	-	-	-	-
	4,198	100.0	5,547	100.0

Notes:

* Negligible.

⁽¹⁾ Vessel equipment which can be detached from or are not fixed to the vessels.**Comparison between FYE 2020 and FYE 2021**

Our Group's other expenses increased by RM0.3 million or 18.8% to RM1.9 million in FYE 2021 from RM1.6 million in FYE 2020. The increase was mainly contributed by the following:

- (i) IPO expenses of RM1.1 million expensed off in FYE 2021, compared with RM0.7 million in FYE 2020; and
- (ii) Depreciation on other assets of RM0.4 million in FYE 2021, compared with RM0.1 million in FYE 2020, resulting from our Group's expansion.

The increase was offset by a decrease in losses on foreign exchange by RM0.3 million in FYE 2021.

We recorded impairment losses on financial assets of RM5.7 million in FYE 2021 following occurrences of material non-recoverability of trade and other receivables from ZESSB (RM0.5 million), Shapadu Energy Services Sdn Bhd (RM0.8 million) and Sapura Pinewell (RM4.3 million). Further details are disclosed in Section 11.2.2(x) above.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2021 and FYE 2022**

Our Group's other expenses increased by RM4.7 million or 247.4% to RM6.6 million in FYE 2022 from RM1.9 million in FYE 2021. The increase was mainly contributed by the following:

- (i) Accretion of interest on Keyfield CRNCPS for the period March to December 2022 amounting to RM2.3 million. The entire fair value adjustment of RM7.3 million had earlier been recognised as other income, as disclosed in Section 11.2.3.3 above;
- (ii) IPO expenses of RM1.3 million expensed off in FYE 2022, compared with RM1.1 million in FYE 2021;
- (iii) Depreciation on other assets of RM1.9 million in FYE 2022, compared with RM0.4 million in FYE 2021, resulting from our Group's expansion; and
- (iv) Increase in losses on foreign exchange by RM0.9 million in FYE 2022.

We recorded impairment losses on financial assets of RM4.3 million in FYE 2022 following occurrences of material non-recoverability of trade from Sapura Pinewell (RM4.3 million). Further details are disclosed in Section 11.2.2(x) above.

Comparison between FPE Sep 2022 and FPE Sep 2023

Our Group's other expenses increased by RM1.3 million or 31.0% to RM5.5 million in FPE Sep 2023 from RM4.2 million in FPE Sep 2022. The increase was mainly contributed by the following:

- (i) IPO expenses of RM1.6 million expensed off in FPE Sep 2023, compared with RM0.5 million in FPE Sep 2022;
- (ii) Accretion of interest on Keyfield CRNCPS of RM2.0 million in FPE Sep 2023, compared with RM1.6 million in FPE Sep 2022, as the CRNCPS were only issued in February 2022; and
- (iii) Depreciation on other assets of RM1.7 million in FPE Sep 2023, compared with RM1.3 million in FPE Sep 2022, resulting from the right-of-use assets for tenancy agreements for our current head office which commenced during FPE Sep 2023.

These were offset by a decrease in unrealised loss on foreign exchange of RM0.4 million, as there were payables denominated in USD in FPE Sep 2022, which has been subsequently paid.

There weren't any impairment losses on financial assets in FPE Sep 2023.

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11. FINANCIAL INFORMATION (Cont'd)**11.2.3.6 Finance costs**

		Audited		Audited		Audited	
		FYE 2020		FYE 2021		FYE 2022	
		RM'000	%	RM'000	%	RM'000	%
Short-term borrowing expenses		144	10.6	279	7.4	477	5.4
Long-term borrowing expenses		1,214	89.4	3,273	88.0	3,460	39.7
Finance charges on Blooming Wisdom and Helms 1		-	-	-	-	-	-
Lease liabilities		-	-	171	4.6	529	6.1
CRNCPS		-	-	-	-	4,256	48.8
		1,358	100.0	3,723	100.0	8,722	100.0

		Unaudited		Audited	
		FPE Sep 2022		FPE Sep 2023	
		RM'000	%	RM'000	%
Short-term borrowing expenses		342	5.4	1,124	10.5
Long-term borrowing expenses		2,484	39.4	2,340	21.9
Finance charges on Blooming Wisdom and Helms 1		-	-	3,450	32.2
Lease liabilities		315	5.0	590	5.5
CRNCPS		3,157	50.2	3,206	29.9
		6,298	100.0	10,710	100.0

Our finance costs comprise the following:

- (i) Interest expenses on short-term borrowings from local financial institutions such as revolving credits and invoice financing. Our invoice financing facilities provides us with the flexibility where:
 - (a) The financial institution will pay 100% of our trade suppliers' invoices directly to such suppliers. Thereafter, we will repay the amount financed by the financial institution after a set period of time, i.e. within 4 months of the amount being financed; and
 - (b) The financial institution will make available cash and bank balances to us, being 80% of the invoiced value of our revenue invoices which we have yet to collect from our trade receivables. Thereafter, we will repay the amount financed by the financial institution after a set period of time, i.e. within 3 to 6 months of the amount being financed;
- (ii) Interest expenses on long-term borrowings such as vessel financing and property financing from local financial institutions as well as vessel financing from Positive Boom Limited and shareholder's loan from Maltiquest.

We had obtained a loan from Positive Boom Limited in FYE 2021 to partially finance the acquisition of Falcon. Both Keyfield, the 90% holding company and Maltiquest, the 10% non-controlling shareholder had collectively provided a proportionate shareholders' loan to Keyfield Endeavour in FYE 2021;

11. FINANCIAL INFORMATION (*Cont'd*)

- (iii) Finance costs on Keyfield Endeavour CRCPS amounting to 2% per annum on the nominal value of outstanding Keyfield Endeavour CRCPS issued to Maltquest, which is RM2.5 million as at LPD since its issuance. This is in relation to the dividend on Keyfield Endeavour CRCPS as referred to in Section 11.13(iv) below;
- (iv) Finance costs on Keyfield CRNCPS amounting to 3% per annum on the nominal value of outstanding Keyfield CRNCPS, which is RM142.5 million as at LPD since its issuance. This is in relation to the dividend on Keyfield CRNCPS as referred to in Section 11.13(ii) below;
- (v) Finance costs on Keyfield Offshore CRNCPS amounting to 5% per annum on the nominal value of outstanding Keyfield Offshore CRNCPS. This is in relation to the dividend on Keyfield Offshore CRNCPS as referred to in Section 11.13(iii) below. As at LPD, all RM15.6 million nominal value of Keyfield Offshore CRNCPS have been fully redeemed; and
- (vi) Finance costs on lease liabilities of the Group, which arose from the following:
 - (a) Lease liabilities for motor vehicles of the Group which are financed via hire purchase arrangements;
 - (b) Lease liabilities for Helms 1 (prior to its acquisition by our Group) and Daya Indah Satu which are bareboat chartered by us for a period exceeding 1 year, and therefore accounted for as right-of-use assets in accordance with MFRS 16; and
 - (c) Lease liabilities for our office premises which we rent for a period exceeding 1 year, and therefore accounted for as right-of-use assets in accordance with MFRS 16.

Comparison between FYE 2020 and FYE 2021

For FYE 2021, our finance cost increased by RM2.3 million or 164.3% to RM3.7 million (FYE 2020: RM1.4 million) mainly due to the following:

- (i) Increase in short-term borrowing expenses by RM0.1 million as we had drawdown on our revolving credit and invoice financing facilities to finance our working capital;
- (ii) Increase in long-term borrowing expenses by RM2.1 million as we had drawdown on vessel financing from a local financial institution in December 2020 and a third party, Positive Boom Limited, in January 2021 to partially finance the acquisitions of LS2 and Falcon respectively; and
- (iii) Increase in finance cost for lease liabilities by RM0.2 million arising from the right-of-use asset of Helms 1 which we had bareboat chartered from August 2021 onwards.

Comparison between FYE 2021 and FYE 2022

For FYE 2022, our finance cost increased by RM5.0 million or 135.1% to RM8.7 million (FYE 2021: RM3.7 million) mainly due to the following:

- (i) Increase in short-term borrowing expenses by RM0.2 million as we had further drawdown on our revolving credit and invoice financing facilities to finance our working capital;
- (ii) Increase in long-term borrowing expenses by RM0.2 million as we had drawdown on additional vessel financing from a local financial institution in July 2022 to partially finance the acquisition of Kindness;

11. FINANCIAL INFORMATION (Cont'd)

- (iii) Increase in finance cost for Keyfield CRNCPS by RM4.3 million as Keyfield had issued RM142.5 million nominal value CRNCPS in February 2022 to finance the acquisitions of Grace and Keyfield Resolute, and also to settle the amount owing by Keyfield Resolute to Lavin Group; and
- (iv) Increase in finance cost for lease liabilities by RM0.4 million arising from the right-of-use asset of Helms 1 and Daya Indah Satu which we had bareboat chartered from August 2021 and November 2022 onwards respectively.

Comparison between FPE Sep 2022 and FPE Sep 2023

For FPE Sep 2023, our finance cost increased by RM4.4 million or 69.8% to RM10.7 million (FPE Sep 2022: RM6.3 million) mainly due to the following:

- (i) Finance costs of RM3.5 million incurred in respect of the purchases of Blooming Wisdom and Helms 1, whereby the purchase consideration for both these vessels are to be repaid via instalments, thereby incurring finance costs;
- (ii) Increase in short-term borrowing expenses by RM0.8 million as we had drawdown on our revolving credit and invoice financing facilities to finance our working capital; and
- (iii) Increase in lease liabilities interest in FPE Sep 2023 by RM0.3 million arising from bareboat charter of Daya Indah Satu (which commenced in November 2022) amounting to RM0.3 million and bareboat charter of Daya Ceria (which commenced in July 2023) amounting to RM0.2 million. The increase was offset by reduction in lease liabilities interest for Helms 1 amounting to RM0.2 million as we had acquired this vessel in April 2023.

The increase was offset by a decrease in long-term borrowing expenses by RM0.2 million, as we had fully repaid the term loan previously taken to finance LS1, in July 2023.

11.2.3.7 Income tax expense, PBT and PAT

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2022	FPE Sep 2023
PBT (RM'000)	17,533	25,025	65,011	48,909	114,427
Income tax expense (RM'000)	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
PAT (RM'000)	13,516	18,007	49,851	36,759	84,237
PBT margin (%) ⁽¹⁾	23.3	17.9	27.5	29.0	36.8
PAT margin (%) ⁽¹⁾	18.0	12.9	21.1	21.8	27.1
Effective tax rate (%) ⁽²⁾	22.9	28.0	23.3	24.8	26.4
Statutory tax rate for Malaysian-incorporated companies (%)	24.0	24.0	24.0	24.0	24.0

Notes:

- (1) PBT and PAT margins are computed based on our PBT and PAT over revenue, respectively.
- (2) Effective tax rate is computed by dividing the total income tax expense over PBT of our Group for the relevant financial year/period.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

In FYE 2021, our Group's total PBT was RM25.0 million and PBT margin was 17.9%. The total PBT for FYE 2021 was higher than total PBT of RM17.5 million in FYE 2020, while PBT margin for FYE 2021 was lower than FYE 2020. Such lower PBT margin in FYE 2021, despite the higher GP margin in FYE 2021 was due mainly to the impairment losses on financial assets in FYE 2021 amounting to RM5.7 million, as disclosed in Section 11.2.2(x) above, while our Group also recorded higher other income in FYE 2020 as disclosed in Section 11.2.3.3 above which increased FYE 2020's PBT margin.

The effective tax rate was higher than the statutory tax rate due to certain expenses not being deductible for taxation purposes such as IPO expenses of RM1.1 million. A reconciliation of the income tax expense to the statutory tax rate is disclosed in Note 25 of the Accountants' Report in Section 12.

Our income tax expense of RM7.0 million comprise the following:

- (i) Provision for income tax of RM0.1 million in respect of interest income for the year; and
- (ii) Provision for deferred tax of RM6.9 million as a result of capital allowances for the year being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM18.0 million and a PAT margin of 12.9% for FYE 2021.

Comparison between FYE 2021 and FYE 2022

In FYE 2022, our Group's total PBT was RM65.0 million and PBT margin was 27.5%. The total PBT for FYE 2022 was higher than total PBT of RM25.0 million in FYE 2021, while PBT margin for FYE 2022 was higher than FYE 2021. The higher PBT margin in FYE 2022 was due to a higher GP margin as disclosed in Section 11.2.3.2 and higher other income as disclosed in Section 11.2.3.3, offset by the higher other expenses as disclosed in Section 11.2.3.5 and impairment losses on financial assets as disclosed in Section 11.2.2(x) above.

The effective tax rate was lower than the statutory tax rate due to certain other income not being taxable such as fair value adjustment on Keyfield CRNCPS of RM7.3 million and overprovision of deferred tax in previous financial year. A reconciliation of the income tax expense to the statutory tax rate is disclosed in Note 25 of the Accountants' Report in Section 12.

Our income tax expense of RM15.2 million comprise the following:

- (i) Provision for income tax of RM0.4 million in respect of interest income for the year and underprovision in the previous financial year; and
- (ii) Provision for deferred tax of RM14.8 million as a result of capital allowances for the year being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM49.9 million and a PAT margin of 21.1% for FYE 2022.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE Sep 2022 and FPE Sep 2023**

In FPE Sep 2023, our Group's total PBT was RM114.4 million and PBT margin was 36.8%. The total PBT and PBT margin for FPE Sep 2023 were both higher than total PBT and PBT margin in FPE Sep 2022.

The higher total PBT and PBT margin in FPE Sep 2023 were mainly due to higher total GP and GP margin as disclosed in Section 11.2.3.2 above, offset by lower other income and higher administrative and finance costs as disclosed in Sections 11.2.3.3, 11.2.3.4 and 11.2.3.6 respectively.

The effective tax rate for FPE Sep 2023 was higher than the statutory tax rate due to certain expenses such as IPO expenses and Keyfield CRNCPS dividends not being deductible for taxation purposes. Meanwhile, the effective tax rate for FPE Sep 2022 was higher than the statutory rate mainly due to certain expenses such as Keyfield CRNCPS dividends and Keyfield Offshore CRNCPS dividends not being deductible for taxation purposes.

Our income tax expense of RM30.2 million in FPE Sep 2023 million comprise the following:

- (i) Provision for income tax of RM0.1 million in respect of interest income for the period; and
- (ii) Provision for deferred tax of RM30.1 million as a result of capital allowances for the period being higher than depreciation charge for our own vessels.

Resulting from the above, we recorded a PAT of RM84.2 million and a PAT margin of 27.1% for FPE Sep 2023.

11.2.3.8 Review of financial position**(i) Assets**

	Audited		
	As at		As at 30
	31 December		September
	2020	2021	2022
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Investment in an associate	250	254	229
Property, plant and equipment	160,476	232,971	368,567
Investment property	-	-	1,555
Right-of-use assets	265	14,261	19,068
Other investments	-	-	218
Total non-current assets	160,991	247,486	389,637
Current assets			
Inventories	480	1,701	2,141
Trade receivables	22,660	64,889	88,008
Other receivables, deposits and prepayments	12,339	2,528	735
Current tax assets	580	150	72
Fixed deposits with licensed banks	2,711	6,179	6,240
Cash and bank balances	20,176	14,656	17,024
Total current assets	58,946	90,103	114,220
TOTAL ASSETS	219,937	337,589	503,857

11. FINANCIAL INFORMATION (Cont'd)

Comparison between 31 December 2020 and 31 December 2021

Non-current assets

We recorded an increase of RM86.5 million or 53.7% to RM247.5 million for our non-current assets as at 31 December 2021 (31 December 2020: RM161.0 million) mainly due to the following:

- (i) Increase in our property, plant and equipment by RM72.5 million resulting from the acquisitions of our Group's own vessels, Falcon and Kindness, vessel and office equipment at the total cost of RM81.3 million in FYE 2021, offset by depreciation of RM8.8 million for our property, plant and equipment; and
- (ii) Increase in right-of-use assets by RM14.0 million arising from the bareboat charter of Helms 1 for a period exceeding 1 year.

Current assets

We recorded an increase of RM31.2 million or 53.0% to RM90.1 million for our current assets as at 31 December 2021 (31 December 2020: RM58.9 million) mainly due to the following:

- (i) Increase in trade receivables by RM42.2 million which corresponds with the higher revenue in FYE 2021 as compared to FYE 2020. This was further contributed by a higher proportion of revenue earned in second half of FYE 2021 as compared to the first half; and
- (ii) Increase in fixed deposits with licensed banks by RM3.5 million, which was used as security for our vessel financing.

The increase was mainly offset by the following:

- (i) Decrease in our cash and cash balances by RM5.5 million. Please refer to Section 11.3.2 below for further analysis of the cash flows; and
- (ii) Decrease in our other receivables by RM9.8 million resulting mainly from:
 - (a) The reclassification of the deposits of RM8.1 million paid for the acquisition of Falcon to property, plant and equipment as this acquisition has since been completed as Falcon was delivered to our Group in February 2021; and
 - (b) Reduction in advances provided to suppliers by RM2.1 million. We no longer provide any such advances as at end of FYE 2021.

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11. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2021 and 31 December 2022****Non-current assets**

We recorded an increase of RM142.1 million or 57.4% to RM389.6 million for our non-current assets as at 31 December 2022 (31 December 2021: RM247.5 million) mainly due to the following:

- (i) Increase in our property, plant and equipment by RM135.6 million resulting from the acquisitions of our Group's own vessels, Grace, Compassion and Commander, dry docking, vessel and office equipment amounting to RM156.3 million in FYE 2022, offset by depreciation of RM18.9 million for our property, plant and equipment and transfer of completed investment property of RM1.6 million;
- (ii) Net increase in right-of-use assets by RM4.8 million arising from the bareboat charter of Daya Indah Satu for a period exceeding 1 year, offset by depreciation charges for right-of-use assets during FYE 2022;
- (iii) Transfer of completed investment property of RM1.6 million from property, plant and equipment; and
- (iv) Increase in other investments of RM0.2 million for a golf club membership.

Current assets

We recorded an increase of RM24.1 million or 26.7% to RM114.2 million for our current assets as at 31 December 2022 (31 December 2021: RM90.1 million) mainly due to the following:

- (i) Increase in trade receivables by RM23.1 million, which corresponds to the higher revenue in FYE 2022 as compared to FYE 2021; and
- (ii) Increase in our cash and cash balances by RM2.3 million. Please refer to Section 11.3.2 below for further analysis of the cash flows.

The increase was mainly offset by the decrease in other receivables by RM1.8 million whereby prepayments made for the dry docking of LS1 have been reclassified to property, plant and equipment in January 2022.

Comparison between 31 December 2022 and 30 September 2023**Non-current assets**

We recorded an increase of RM137.8 million or 35.4% to RM527.4 million for our non-current assets as at 30 September 2023 (31 December 2022: RM389.6 million) mainly due to the increase in our property, plant and equipment by RM139.6 million resulting mainly from the acquisitions of our Group's own vessels namely, Lestari, Blooming Wisdom and Helms 1 at the total acquisition cost of RM154.5 million and other additions to vessel and office equipment of RM5.0 million in FPE Sep 2023, offset by depreciation of RM19.8 million for our property, plant and equipment.

The increase was mainly offset by the decrease in right-of-use assets by RM1.9 million mainly due to derecognition of Helms 1 as a right-of-use asset in FPE Sep 2023 after our Group acquired this vessel in April 2023.

11. FINANCIAL INFORMATION (Cont'd)**Current assets**

We recorded an increase of RM80.4 million or 70.4% to RM194.6 million for our current assets as at 30 September 2023 (31 December 2022: RM114.2 million) mainly due to the following:

- (i) Increase in trade receivables by RM59.4 million as we had recorded a higher revenue towards the end of FPE Sep 2023, where such trade receivables had yet to be received as at end of FPE Sep 2023 and it is still within the credit period. Subsequent collections up to the LPD in respect of outstanding trade receivables as at the end of FPE Sep 2023 is disclosed in Section 11.7.1 below; and
- (ii) Increase in cash and bank balances by RM19.6 million, resulting from net cash inflows in FPE Sep 2023, as further discussed in Section 11.3.2 below.

(ii) Liabilities

	Audited		
	As at 31 December		As at 30 September
	2020	2021	2022
	RM'000	RM'000	RM'000
LIABILITIES			
Non-current liabilities			
CRNCPS	-	15,563	136,778
Lease liabilities	88	8,802	8,040
Other payables	-	8,206	2,000
Borrowings	42,367	49,663	27,461
Deferred tax liabilities	7,954	14,836	29,634
Total non-current liabilities	50,409	97,070	203,913
Current liabilities			
Trade payables	13,638	33,923	33,719
Other payables and accruals	10,151	12,907	7,338
CRNCPS	-	-	3,563
Lease liabilities	42	5,405	10,897
Borrowings	21,949	43,486	51,877
Current tax liabilities	16	116	213
Total current liabilities	45,796	95,837	107,607
TOTAL LIABILITIES	96,205	192,907	311,520

Comparison between 31 December 2020 and 31 December 2021**Non-current liabilities**

We recorded an increase of RM46.7 million or 92.7% to RM97.1 million for our non-current liabilities as at 31 December 2021 (31 December 2020: RM50.4 million) mainly due to the following:

- (i) Increase in Keyfield Offshore CRNCPS by RM15.6 million, which was issued to finance the acquisition of Kindness;

11. FINANCIAL INFORMATION (Cont'd)

- (ii) Increase in non-current portion of lease liabilities by RM8.7 million, resulting from the bareboat charter of Helms 1 for a period exceeding 1 year being accounted for as a right-of-use asset;
- (iii) Increase in non-current portion of other payables by RM8.2 million, which was due to shareholder's loan from Maltquest to Keyfield Endeavour of RM3.0 million and a third party advance from Full Smart International Enterprises Limited* of RM5.2 million;

Note:

* Additional information on the advances from Full Smart International Enterprises Limited is set out in Section 6.16(xxi).

- (iv) Increase in non-current portion of term loans by RM7.3 million, due to the drawdown of term loan from a third party, Positive Boom Limited to partially finance the acquisition of Falcon, offset by the repayment of term loans for LS1, LS2 and Falcon during the financial year; and
- (v) Increase in deferred tax liabilities by RM6.8 million, due to the provision of deferred tax for FYE 2021 to account for the timing differences between accounting profit before tax and adjusted taxable profit as a result of capital allowances claimed for FYE 2021 being higher than depreciation charged for our own vessels.

Current liabilities

We recorded an increase of RM50.0 million or 109.2% to RM95.8 million for our current liabilities as at 31 December 2021 (31 December 2020: RM45.8 million) mainly due to the following:

- (i) Increase in trade payables by RM20.3 million, which corresponds to the higher cost of sales in FYE 2021 as we had made more purchases from suppliers with credit terms to support our Group's increased operations, and such trade payables were yet to be paid as at end of FYE 2021 due to the timing of such purchases, and were subsequently paid in FYE 2022;
- (ii) Increase in current portion of other payables and accruals by RM2.7 million, mainly due to the following:
 - (a) Increase of RM2.2 million from deposits received from customers for Chartering Contracts. These were subsequently recognised as revenue in FYE 2022;
 - (b) Increase of RM2.4 million for accruals mainly for crew costs, which was subsequent paid in January 2022; and
 - (c) Increase of RM0.5 million for other payables consisting of non-trade payables such as IPO expenses.

The increase in current portion of other payables and accruals was mainly offset by the following:

- (a) Decrease in amount owing to Lavin Group by RM0.8 million due to repayment of the previous year's shareholder's advance of RM5.0 million and a separate shareholder's advance of RM4.2 million in FYE 2021, details which are disclosed in Section 9.1; and

11. FINANCIAL INFORMATION (Cont'd)

- (b) Repayment of advances of RM1.5 million to WCL.
- (iii) Increase in current portion of lease liabilities by RM5.4 million, resulting from the bareboat charter of Helms 1 for a period exceeding 1 year being accounted for as a right-of-use asset; and
- (iv) Increase in current portion of borrowings by RM21.6 million, contributed by current portion of vessel financing, which now includes vessel financing for Falcon (new during the financial year) in addition to current portion of vessel financing for LS1 and LS2 from previous financial year, and short-term borrowings such as revolving credits and invoice financing to finance our working capital.

Comparison between 31 December 2021 and 31 December 2022

Non-current liabilities

We recorded an increase of RM106.8 million or 110.0% to RM203.9 million for our non-current liabilities as at 31 December 2022 (31 December 2021: RM97.1 million) mainly due to the following:

- (i) Increase in Keyfield CRNCPS of RM136.8 million, which represents the fair value of such instrument as at 31 December 2022 in respect of the nominal value of RM142.5 million Keyfield CRNCPS issued for the acquisition of Grace, Keyfield Resolute and to settle Keyfield Resolute's amount owing to Lavin Group. This was offset by the full redemption in FYE 2022 of the RM15.6 million Keyfield Offshore CRNCPS issued in FYE 2021; and
- (ii) Increase in deferred tax liabilities by RM14.8 million, due to the provision of deferred tax for FYE 2022 to account for the timing differences between accounting profit before tax and adjusted taxable profit as a result of capital allowances claimed for FYE 2022 being higher than depreciation charged for our own vessels.

The increase was mainly offset by the following:

- (i) Decrease in non-current portion of other payables by RM6.2 million as we had repaid the third party advance of RM5.2 million to Full Smart International Enterprises Limited in full and partial repayment of RM1.0 million to Maltiquist; and
- (ii) Decrease in non-current portion of borrowings by RM22.2 million due to the repayment of term loans for LS1, LS2 and Falcon during the financial year.

Current liabilities

We recorded an increase of RM11.8 million or 12.3% to RM107.6 million for our current liabilities as at 31 December 2022 (31 December 2021: RM95.8 million) mainly due to the following:

- (i) Decrease in current portion of other payables and accruals by RM5.6 million, resulting from the repayment of shareholder's advance of RM4.2 million to Lavin Group and lower deposits received from our customers by RM1.5 million;
- (ii) Increase in Keyfield CRNCPS by RM3.6 million, being the Keyfield CRNCPS dividend accrued for FYE 2022;

11. FINANCIAL INFORMATION (Cont'd)

- (iii) Increase in current portion of lease liabilities by RM5.5 million, resulting from the additional bareboat charter of Daya Indah Satu for a period exceeding 1 year being accounted for as a right-of-use asset in FYE 2022; and
- (iv) Increase in current portion of borrowings by RM8.4 million, due to the drawdown of short-term borrowings such as revolving credits and invoice financing to finance our working capital.

Comparison between 31 December 2022 and 30 September 2023

Non-current liabilities

We recorded an increase of RM105.4 million or 51.7% to RM309.3 million for our non-current liabilities as at 30 September 2023 (31 December 2022: RM203.9 million) mainly due to the following:

- (i) Increase in non-current portion of other payables by RM92.5 million which was mainly due to payables to the vendors of Blooming Wisdom and Helms 1 of RM94.5 million, whereby the purchase considerations are to be repaid in instalments, offset by the repayment of amount due to Maltiquest of RM2.0 million, which we had fully repaid in September 2023;
- (ii) Increase in deferred tax liabilities by RM30.1 million, due to the provision of deferred tax for FPE Sep 2023 to account for the timing differences between accounting profit before tax and adjusted taxable profit; and
- (iii) Increase in Keyfield CRNCPS by RM2.0 million due to the fair value adjustment on Keyfield CRNCPS for FPE Sep 2023.

The increase was mainly offset by the following:

- (i) Decrease in non-current portion of borrowings by RM17.6 million due to:
 - (a) Full repayment of the term loan taken to finance LS1, which we had fully repaid in July 2023;
 - (b) Classification of the term loans taken to finance the acquisitions of LS2 and Falcon under current liabilities as their respective tenures will end within 12 months from 30 September 2023. The loan from Positive Boom Limited, which was utilised to finance the acquisition of Falcon, was subsequently fully repaid in October 2023 while the loan for the acquisition of LS2 was subsequently fully repaid in December 2023.

The non-current portion of term loans of RM9.9 million as at 30 September 2023 comprise the following:

- (aa) amount of RM5.3 million in respect of the term loans taken to refinance Kindness and RM1.6 million in respect of the term loan taken to finance our investment property; and
- (bb) amount of RM3.0 million of long-term credit facility, which has been subsequently fully repaid in October 2023;

11. FINANCIAL INFORMATION (Cont'd)

- (c) Decrease in lease liabilities by RM1.6 million due to derecognition of lease resulting from the termination of bareboat charter of Helms 1 upon our Group's acquisition of this vessel and repayments of lease arising from right-of-use asset for bareboat charter of Daya Indah Satu, offset by increase in lease liabilities arising from right-of-use asset for bareboat charter of Daya Ceria.

Current liabilities

We recorded an increase of RM33.6 million or 31.2% to RM141.2 million for our current liabilities as at 30 September 2023 (31 December 2022: RM107.6 million) mainly due to the following:

- (i) Increase in trade payables by RM17.8 million, which corresponds to the higher cost of sales in FPE Sep 2023 as we had made more purchases from suppliers with credit terms to support our Group's increased operations, and such trade payables had yet to be paid as at end of FPE Sep 2023 as it is still within the credit period; and
- (ii) Increase in current portion of other payables and accruals by RM22.7 million mainly due to payables to the vendors of Blooming Wisdom and Helms 1 of RM24.0 million, whereby the purchase considerations are to be repaid in instalments.

The increase was mainly offset by the following:

- (i) Decrease in borrowings by RM5.8 million due to repayments of borrowings, offset by reclassification of term loans taken to finance LS2 and Falcon to current liabilities as their respective tenures will end within 12 months from 30 September 2023. As at 30 September 2023, our current portion of borrowings consisted of the following:
 - (a) Amount of RM21.8 million owing to Positive Boom Limited to finance the acquisition of Falcon, which was subsequently fully repaid in October 2023;
 - (b) Amount of RM4.9 million owing to Bank Pembangunan Malaysia Berhad to finance the acquisition of LS2, which will be fully repaid by December 2023;
 - (c) Amount of RM2.5 million owing to Alliance Islamic Bank Berhad for the acquisition of Kindness; and
 - (d) Amount of RM16.9 million in revolving credit facilities, owing to RHB Bank Berhad, which was subsequently fully repaid in November 2023.
- (ii) Decrease in Keyfield CRNCPS by RM1.1 million as this amount relates to the amount accrued for the 3% dividends on Keyfield CRNCPS. We had paid RM4.3 million in respect of such dividends in April 2023.

11. FINANCIAL INFORMATION (Cont'd)

11.2.4 Recent developments

Save as disclosed below, there are no significant events subsequent to our Group's audited consolidated financial statements for FPE Sep 2023:

- (i) We fully settled the loan from Positive Boom Limited, which was taken to finance the acquisition of Falcon, in October 2023;
- (ii) On 26 January 2024, Keyfield Offshore entered into a sale and purchase agreement with Khas Jejaka Sdn Bhd, a wholly-owned subsidiary of Muhibbah Engineering (M) Bhd, for the acquisition of IMS Aman for a cash consideration of RM34.8 million; and
- (iii) We paid the following dividends:
 - (a) Dividends in respect of our ordinary shares amounting to RM15.0 million in respect of FYE 2023, which was declared on 15 February 2024 and paid on 22 February 2024; and
 - (b) Dividends in respect of Keyfield CRNCPS amounting to RM4.3 million, consisting of RM3.6 million in respect for FYE 2023 and RM0.7 million which is in respect of FYE 2024, which was paid on 22 February 2024.

11.3 LIQUIDITY AND CAPITAL RESOURCES

11.3.1 Working capital

We have been financing our operations and the acquisitions of our own vessels through existing cash and bank balances generated from our operations and equity share capital contributed by our shareholders as well as external sources of funds such as long and short-term borrowings, shareholders' and third party advances, lease liabilities and issuance of CRNCPS, the details of which are disclosed in Sections 11.4 and 11.5 below.

As at 30 September 2023, we have:

- (i) Cash and bank balances of RM36.7 million;
- (ii) Fixed deposits with licensed banks of RM7.3 million, consisting of pledged fixed deposits of RM4.2 million and restricted for use fixed deposits of RM3.1 million, which were placed to secure bank borrowings; and
- (iii) Short-term bank borrowing facilities up to a limit of RM37.2 million, of which RM17.3 million have not been utilised.

The interest rate of our short-term bank borrowing facilities is based on prevailing market rates and further disclosed in Section 11.4 below. The principal use of the abovementioned funds is for our Group's business growth and operations and for working capital purposes.

The decision to utilise either internally generated funds or short-term bank borrowings for our business operations and working capital depends on, amongst others, our cash and bank balances, expected timing of cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest rate on such borrowings.

11. FINANCIAL INFORMATION (Cont'd)

Based on the Pro Forma Consolidated Statements of Financial Position of our Group as at 30 September 2023 (after the Subsequent Events but before the Public Issue), our NA position stood at RM332.2 million and our gearing level is 0.6 times. Our NA position and gearing level (after the Subsequent Events, Public Issue and utilisation of IPO proceeds) are RM507.6 million and 0.1 times respectively.

As at the LPD, we have:

- (i) Cash and bank balances of RM34.4 million;
- (ii) Pledged fixed deposits with licensed banks of RM5.3 million which were placed to secure bank borrowings and bank guarantees required by our customers; and
- (iii) Short-term bank borrowing facilities up to a limit of RM10.0 million, all of which have not been utilised.

In addition to the above, our Board has further taken into consideration that upon Listing, the pro forma gearing of our Group is expected to be 0.1 times, after the Public Issue and utilisation of proceeds, which includes the repayment for vessel financing amounting to RM164.5 million via proceeds from the Public Issue. In addition, our Group's current ratio will improve to 1.8 times after the Public Issue and utilisation of proceeds. We will further raise RM14.6 million via the Public Issue for working capital purpose.

After taking into consideration of the above as well as the Group's foreseeable capital expenditure including dry-docking costs for Grace, Compassion, Lestari, Blooming Wisdom and IMS Aman (including CAP costs), repair and maintenance costs for our own vessels and which we bareboat charter as well as financing obligations including monthly repayments of our term loans amounting to RM0.3 million as disclosed in Section 11.4, we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

Our Board is also of the view that we will have sufficient internally generated funds and/or be able to secure the required funding (via future debt or equity fundraising exercises) for the acquisition of new vessels as set out in Sections 6.19.1 and 6.19.2 which is expected to be implemented over the next 2 years from our Listing.

While we have made various impairment losses on certain trade and other receivables as disclosed in Section 11.2.2(x) above, our Group has not encountered any major disputes with our trade receivables. Our finance personnel work together closely with our commercial team for the collection of outstanding trade receivables balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers as we did not encounter any disputes which resulted in any impairment loss in respect of trade receivables.

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11. FINANCIAL INFORMATION (Cont'd)**11.3.2 Review of cash flows****(i) Cash flow summary**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	11,328	21,606	62,487	99,083
Net cash for investing activities	(54,386)	(29,729)	(11,165)	(31,129)
Net cash from/(for) financing activities	59,738	2,630	(48,998)	(48,389)
Net increase/(decrease) in cash and cash equivalents	16,680	(5,493)	2,324	19,565
Effects of foreign exchange translation	(1,084)	(27)	44	79
Cash and cash equivalents at beginning of the financial year/period	4,580	20,176	14,656	17,024
Cash and cash equivalents at end of the financial year/period	20,176	14,656	17,024	36,668

(ii) Commentary of cash flows**FYE 2020**

For FYE 2020, our cash and cash equivalents as at end of the year stood at RM20.2 million, which was a net increase of RM15.6 million from FYE 2019, and after accounting for effects of foreign exchange translation of RM1.1 million from Keyfield Marine Limited.

Net cash from operating activities

For FYE 2020, our Group recorded net cash from operating activities of RM11.3 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM23.5 million for FYE 2020, which were mainly contributed by PBT of RM17.5 million and after adding back non-cash depreciation of RM4.1 million;
- (b) Total working capital changes which reduced operating cash by RM10.4 million. This was primarily due to increase in receivables by RM5.6 million and decrease in payables by RM4.3 million; and
- (c) Payments for income tax of RM0.4 million and interest of RM1.4 million made during FYE 2020.

11. FINANCIAL INFORMATION (Cont'd)**Net cash for investing activities**

For FYE 2020, our Group recorded net cash for investing activities of RM54.4 million for our investing activities mainly due to the cash portion for the acquisition of LS2 of RM55.3 million, less proceeds of RM2.5 million from the disposal of the Group's previous investment property.

Net cash from financing activities

For FYE 2020, our Group recorded net cash from financing activities of RM59.7 million mainly due to the following:

- (a) The drawdown of a new term loan of RM38.3 million to partially refinance the cost of acquisition of LS2, offset by scheduled repayments of term loans during the year of RM9.8 million;
- (b) Proceeds of RM10.1 million from issuance of new shares to Lavin Group by Keyfield Offshore;
- (c) Advances from Lavin Group of RM25.7 million, of which RM20.5 million has since been capitalised into Keyfield Shares; and
- (d) Net drawdown of short-term banking facilities comprising revolving credits amounting to RM6.3 million.

The amount was offset by the following:

- (a) Dividends of RM0.5 million paid during the year;
- (b) Repayment of RM10.2 million to WCL for previous advances received; and
- (c) Repayment of vessel financing term loans of RM9.8 million.

FYE 2021

For FYE 2021, our cash and cash equivalents as at end of the year stood at RM14.7 million, which was a net decrease of RM5.5 million from FYE 2020.

Net cash from operating activities

For FYE 2021, our Group recorded net cash from operating activities of RM21.6 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM45.2 million for FYE 2021, which were mainly contributed by PBT of RM25.0 million and after adding back non-cash depreciation of RM10.9 million and non-cash impairment losses on trade receivables and bad debts written off totaling RM5.7 million;
- (b) Total working capital changes which reduced operating cash by RM20.4 million. This was primarily due to increase in receivables by RM46.1 million offset by increase in payables by RM25.9 million; and
- (c) Net refund for income tax of RM0.4 million offset by interest paid of RM3.6 million made during FYE 2021.

11. FINANCIAL INFORMATION (Cont'd)

Net cash for investing activities

For FYE 2021, our Group recorded net cash for investing activities of RM29.7 million mainly due to the cash portion for the acquisition of Falcon and Kindness of RM26.4 million and increase in restricted for use fixed deposits of RM3.7 million which were placed to secure bank borrowings.

Net cash from financing activities

For FYE 2021, our Group recorded net cash from financing activities of RM2.6 million mainly due to the following:

- (a) Net advances from related parties amounting to RM4.5 million, as follows:
 - (aa) A cash advance of RM6.0 million which was contributed by Maltiquest, the non-controlling shareholder of Keyfield Endeavour, which was used to partially finance the acquisition of Falcon. Out of this amount, RM3.0 million was subsequently capitalised into Keyfield Endeavour ordinary shares and CRCPS; and
 - (bb) Repayment of RM1.5 million to WCL for previous advances received;
- (b) Proceeds of the issuance of Keyfield Offshore CRNCPS to finance the acquisition of Kindness amounting to RM15.6 million;
- (c) Advances from a third party, Full Smart International Enterprises Limited amounting to RM5.2 million for working capital; and
- (d) Net drawdown of revolving credit facilities of RM2.3 million to finance our working capital.

The amount was offset by the following:

- (a) Repayment to Lavin Group amounting to RM5.0 million for previous advances received; and
- (b) Repayment of vessel financing term loans and lease liabilities amounting to RM18.1 million and RM2.0 million, respectively.

FYE 2022

For FYE 2022, our cash and cash equivalents as at end of the year stood at RM17.0 million, which was a net increase of RM2.3 million from FYE 2021.

Net cash from operating activities

For FYE 2022, our Group recorded net cash from operating activities of RM62.5 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM97.5 million for FYE 2022, which were mainly contributed by PBT of RM65.0 million and after:
 - (aa) Adding back the following non-cash items:
 - Depreciation of RM25.4 million;
 - Impairment losses on trade receivables of RM4.3 million; and
 - Accretion of interest on Keyfield CRNCPS of RM2.3 million;

11. FINANCIAL INFORMATION (Cont'd)

- (bb) Deducting the non-cash fair value gain on Keyfield CRNCPS of RM7.3 million.
- (b) Total working capital changes which reduced operating cash by RM30.9 million. This was primarily due to increase in receivables by RM24.2 million and decrease in payables by RM5.2 million; and
- (c) Payment for income tax of RM0.2 million and interest paid of RM3.9 million made during FYE 2022.

Net cash for investing activities

For FYE 2022, our Group recorded net cash for investing activities of RM11.2 million mainly due to the additions of property, plant and equipment comprising vessel equipment and dry docking amounting to RM11.8 million. The amount was partially offset by the acquisition of a subsidiary, namely Keyfield Resolute, net of cash and cash equivalents acquired of RM0.4 million and proceeds from disposal of property, plant and equipment of RM0.3 million.

Net cash for financing activities

For FYE 2022, our Group recorded net cash for financing activities of RM49.0 million mainly due to the following:

- (a) Dividends paid of RM2.1 million paid during the year;
- (b) Repayment to Lavin Group amounting to RM5.0 million for previous advances received;
- (c) Full redemption of Keyfield Offshore CRNCPS, which was issued in FYE 2021, amounting to RM15.6 million;
- (d) Repayment to Maltquest, the non-controlling shareholder of Keyfield Endeavour amounting to RM1.0 million for previous advances received;
- (e) Repayment to Full Smart International Enterprises Limited amounting to RM5.2 million for previous advances received; and
- (f) Repayment of vessel financing term loans and lease liabilities amounting to RM35.2 million and RM6.4 million, respectively.

The amount was offset by the following:

- (a) The drawdown of new term loans totally RM10.1 million to partially redeem the Keyfield Offshore CRNCPS; and
- (b) Net drawdown of revolving credit facilities of RM11.3 million to finance our working capital.

11. FINANCIAL INFORMATION (Cont'd)

FPE Sep 2023

For FPE Sep 2023, our cash and cash equivalents as at 30 September 2023 stood at RM36.7 million, which was a net increase of RM19.6 million from FYE 2022.

Net cash from operating activities

For FPE Sep 2023, our Group recorded net cash from operating activities of RM99.1 million. The net cash from operating activities were generated from the following:

- (a) An operating profit before working capital changes of RM153.3 million for FPE Sep 2023, which were mainly contributed by PBT of RM114.4 million and after adding back non-cash depreciation of RM26.5 million and interest expense of RM10.7 million;
- (b) Total working capital changes which reduced operating cash by RM42.4 million. This was primarily due to increase in receivables by RM60.4 million and offset by increase in payables by RM17.3 million; and
- (c) Payments for interest of RM11.8 million made during FPE Sep 2023.

Net cash for investing activities

For FPE Sep 2023, our Group recorded net cash for investing activities of RM31.1 million mainly due to purchase of property, plant and equipment, as follows:

- (a) Cash acquisition of Lestari of RM24.4 million; and
- (b) Acquisitions of vessel and office equipment of RM5.1 million.

Net cash for financing activities

For FPE Sep 2023, our Group recorded net cash for financing activities of RM48.4 million mainly due to the following:

- (a) Repayment of term loans and lease liabilities of RM23.3 million and RM6.5 million respectively;
- (b) Payment of dividends in respect of Keyfield Shares of RM5.0 million; and
- (c) Repayment to third parties of RM13.5 million comprise of instalment payments made to vendors of Blooming Wisdom and Helms 1 of RM11.5 million in respect of the principal portion as well as repayment of the amount due to Maltiquet of RM2.0 million.

11. FINANCIAL INFORMATION (Cont'd)**11.4 BORROWINGS AND LEASE LIABILITIES**

We have various interest-bearing borrowings and other instruments which can be classified as follows:

- (i) Interest-bearing borrowings, comprising short-term borrowings to finance our working capital and long-term borrowings to finance the acquisitions of our own vessels;
- (ii) Lease liabilities which comprise the following:
 - (a) Hire purchase arrangements for our Group's motor vehicle, for which interest is charged by the financial institution. Such hire purchase arrangement has been fully repaid as at the LPD; and
 - (b) Bareboat charter arrangements for Daya Indah Satu and Daya Ceria and tenancy agreements for our office for a period exceeding 1 year each. In accordance with MFRS 16, these are accounted for as right-of-use assets and lease liabilities, with the interest rate of such lease liabilities computed in accordance with comparable market rates; and
- (iii) Interest-bearing instruments which our Group issued to finance the acquisitions of our own vessels. These include Keyfield Offshore CRNCPS which was issued in FYE 2021 and fully redeemed in FYE 2022, and Keyfield CRNCPS which were issued in FYE 2022 and will be fully redeemed as part of our IPO. Kindly refer to Sections 6.2.8(ii) for additional information on the Keyfield CRNCPS.

In accordance with MFRS 9 and due to the 3-year tenure of Keyfield CRNCPS, its nominal value are discounted to present value at the market rate for comparable market instruments. The fair value gain has been accounted as other income in FYE 2022, with the accretion of interest on CRNCPS to be amortised over the 3-year tenure and charged as our Group's expense, in addition to the 3% dividend per annum.

Our total outstanding borrowings as at FYEs 2020 to 2022 and FPE Sep 2023 are set out in the table below, all of which are denominated in RM.

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Long-term portion:				
Borrowings:				
- Term loan I	118	3	-	-
- Term loan II	1,321	1,562	1,643	1,531
- Term loan III	33	27	18	13
- Term loan IV	11,875	4,375	-	-
- Term loan V	-	28,213	18,538	-
- Term loan VI	-	-	4,502	3,293
- Term loan VII	-	-	2,760	2,017
- Term loan VIII	-	-	-	3,000
- Term loan IX	29,020	15,483	-	-

11. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
<u>Lease liabilities:</u>				
- Hire purchase of motor vehicles	88	25	-	-
- Bareboat charter arrangements	-	8,667	8,040	5,216
- Tenancy agreements	-	110	-	1,191
<u>CRNCPS:</u>				
- Keyfield Offshore CRNCPS	-	15,563	-	-
- Keyfield CRNCPS	-	-	136,778	138,782
<u>Other loans and advances:</u>				
Maltiquest	-	3,098	2,000	-
Full Smart International Enterprises Limited	-	5,206	-	-
Sea Steel Sdn Bhd	-	-	-	39,165
Azulite Bloom Sdn Bhd	-	-	-	55,299
Sub-total	42,455	82,332	174,279	249,507
Short-term portion:				
<u>Borrowings:</u>				
- Term loan I	108	107	-	-
- Term loan II	-	-	41	65
- Term loan III	-	-	4	5
- Term loan IV	6,875	7,500	4,375	-
- Term loan V	-	13,702	9,672	21,762
- Term loan VI	-	-	1,464	1,566
- Term loan VII	-	-	897	960
- Term loan VIII	-	-	-	-
- Term loan IX	8,639	13,537	15,483	4,859
- Revolving credits	6,327	8,640	19,941	16,867
<u>Lease liabilities:</u>				
- Hire purchase of motor vehicle	42	53	19	-
- Bareboat charter arrangements	-	5,206	10,817	10,544
- Tenancy agreements	-	146	61	383
<u>CRNCPS:</u>				
- Keyfield CRNCPS	-	-	3,563	2,494
<u>Other loans and advances:</u>				
Sea Steel Sdn Bhd	-	-	-	3,944
Azulite Bloom Sdn Bhd	-	-	-	20,074
Sub-total	21,991	48,891	66,337	83,523
Total	64,446	131,223	240,616	333,030

11. FINANCIAL INFORMATION (Cont'd)

Our total outstanding borrowings as at 30 September 2023 are set out below:

Type of borrowings	Purpose	Security	Tenure	Current interest rate per annum	Outstanding amount as at 30 September 2023
				%	RM'000
Term loan I (Fully repaid) ⁽¹⁾	For working capital	-	-	-	-
Term loan II	To finance purchase of office unit at Pavilion Embassy	Charge over the property and personal guarantees of two Directors of Keyfield Offshore ⁽²⁾⁽³⁾	25 years ⁽⁴⁾	Base financing rate ("BFR") - 2.16% ⁽⁵⁾	1,596
Term loan III	To finance Mortgage Reducing Term Takaful	Charge over the property and personal guarantees of two Directors of Keyfield Offshore ⁽²⁾⁽³⁾	10 years	BFR - 2.16% ⁽⁵⁾	18
Term loan IV	To finance purchase of LS1	Mortgage over LS1 and personal guarantees of two Directors ⁽³⁾⁽⁶⁾	4 years	-	-
Term loan V (Fully repaid as at the LPD)	To finance purchase of Falcon	Unsecured	3 years and final bullet repayment of RM15.3 million in May 2024	1-month USD LIBOR + 2.5% ⁽⁸⁾	21,762
Term loan VI	To refinance purchase of Kindness	Personal guarantees of two Directors ⁽³⁾⁽⁶⁾ of Keyfield Offshore, guarantee and charge over the vessel	4 years	BFR + 0.5% ⁽⁹⁾	4,859
Term loan VII	To refinance purchase of Kindness	Personal guarantees of two Directors ⁽³⁾⁽⁶⁾ of Keyfield Offshore, guarantee and charge over the vessel	4 years	BFR + 0.5% ⁽⁹⁾	2,977
Term loan VIII (Fully repaid as at the LPD)	For working capital	80% guarantee coverage by SJPP under the Pemulih Government Guarantee Scheme ("PGGS") of RM8,000,000, a joint and several guarantee by two of the directors of the Company and	5 years	BFR + 0.0%	3,000

11. FINANCIAL INFORMATION (Cont'd)

Type of borrowings	Purpose	Security	Tenure	Current interest rate per annum	Outstanding amount as at 30 September 2023
				%	RM'000
		Memorandum of Deposit and Letter of Set Off to be executed for Cash Collateral/Commodity Murabahah			
Term loan IX (Fully repaid as at the LPD)	To finance purchase of LS2	Mortgage over LS2, corporate guarantee by Keyfield Offshore and personal guarantees of two Directors ⁽³⁾⁽⁶⁾	3 years	5.20%	4,859
Revolving credit	For working capital	Joint and several guarantees of two Directors ⁽³⁾⁽⁶⁾	Payable on demand	COF + 1.75% ⁽⁷⁾	16,867
Lease liabilities for hire purchase (Fully repaid)	To finance purchase of motor vehicle	Charge over the motor vehicle and personal guarantee of a Director ⁽³⁾⁽¹⁰⁾	3 years	-	-
Lease liabilities for bareboat charter arrangements	Right-of-use assets for Helms 1 and Daya Indah Satu	Unsecured	2 years	4.88% ⁽¹¹⁾	5,216
Lease liabilities for bareboat charter arrangements	Right-of-use assets for Daya Ceria	Unsecured	2 years	5.89% ⁽¹¹⁾	10,544
Lease liabilities for tenancy agreements	Right-of-use assets for office premises	Unsecured	2 years	5.39% ⁽¹¹⁾	1,574
Keyfield CRNCPS ⁽¹²⁾	To finance acquisitions of Grace, Keyfield Resolute and settle amount owing by Keyfield Resolute to Lavin Group	Unsecured	3	4.94% ⁽¹¹⁾	141,276
Sub-total					214,548

11. FINANCIAL INFORMATION (Cont'd)

Type of borrowings	Purpose	Security	Tenure	Current interest rate per annum	Outstanding amount as at 30 September 2023
				%	RM'000
Others					
Shareholder's loan from Maltiquest (Fully repaid) ⁽¹³⁾	To finance purchase of Falcon	Unsecured	3 years	5.0%	-
Instalment payment arrangement for acquisition of Helms 1	To finance purchase of Helms 1	Charge over Helms 1	2.5 years and final bullet repayment of RM35.5 million in September 2025	5.5%	43,109
Instalment payment arrangement for acquisition of Blooming Wisdom	To finance purchase of Blooming Wisdom	Charge over Blooming Wisdom	4 years	5.5%	75,373
Total					330,030

Pro forma gearing (times)

After Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS and before the Public Issue ⁽¹⁴⁾	0.6
After the Public Issue and utilisation of proceeds ⁽¹⁵⁾	0.1

Notes:

- (1) Term loan from local financial institution drawn for working capital purposes. This facility has been fully repaid as at 31 December 2022.
- (2) Personal guarantee provided by Darren Kee and Kate Ooi.
- (3) We have received the approvals-in-principle from the respective financial institutions to remove the personal guarantees previously given as security, to be replaced by the corporate guarantee of our Company upon our successful IPO.
- (4) Includes grace period of 4 years.
- (5) BFR as at LPD is 6.82%.
- (6) Personal guarantees provided by Darren Kee and Mohd Erwan.
- (7) COF as at LPD is 3.68%.
- (8) 1-month USD London Interbank Offered Rate (LIBOR) as at LPD is 5.44%. This loan has been fully repaid as at the LPD.
- (9) BFR as at LPD is 6.67%.
- (10) Personal guarantee provided by Darren Kee, as required by the financial institution.
- (11) Computed based on comparable market instruments.
- (12) Shall be fully redeemed via issuance of IPO Shares and proceeds from the IPO as set out in Section 6.2.8(ii).

11. FINANCIAL INFORMATION (Cont'd)

- (13) Fully repaid in September 2023.
- (14) Computed based on the Pro Forma Consolidated Statements of Financial Position after the Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS and before the Public Issue.
- (15) Computed based on the Pro Forma Consolidated Statements of Financial Position after the Subsequent Events and Public Issue and utilisation of IPO proceeds.

Our pro forma gearing ratio is expected to decrease from 0.6 times (before the Public Issue) to 0.1 times (after the Public Issue and utilisation of IPO proceeds) due to the increase in shareholders' funds arising from the issuance of new Shares pursuant to the Public Issue, redemption of Keyfield CRNCPS and repayment of bank borrowings, offset by the decrease in shareholders' funds arising from the listing expenses utilised.

As at the LPD, we do not have any borrowings which are non-interest bearing. We have not defaulted on payments of principal sums and/or interest in respect of any borrowings throughout the FYEs 2020 to 2022 and FPE Sep 2023 as well as the subsequent financial period up to the LPD.

As at the LPD, neither our Group nor our subsidiaries are in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

From FYE 2020 to FYE 2022 and FPE Sep 2023, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save for our borrowings as disclosed in Section 11.4 and as described below, we do not utilise any other financial instruments. We maintain foreign currency accounts to receive proceeds of our revenue in USD and payments to suppliers in USD and Singapore Dollars, where applicable.

We been financing our operations and acquisition of vessels mainly through a combination of the following:

- (i) Internally generated funds from our operations;
- (ii) External borrowings from licensed financial institutions which mainly comprise term loans and short-term working facilities as set out in Section 11.4 above;
- (iii) Issuance of Keyfield Offshore CRNCPS and Keyfield CRNCPS;
- (iv) Loans and advances from related parties as well as third parties; and
- (v) Instalment payment arrangements to the vendors of Blooming Wisdom and Helms 1, as disclosed in Section 11.5.1.

Loans and advances from related parties as well as third parties were primarily to finance the cost of shipbuilding and/or for acquisition of our vessels. Our Group operates in a highly capital-intensive industry where the capital outlay required is high. Given the nature of our business, financial institutions in Malaysia imposed stringent conditions before any financing facilities can be drawn down, including the requirements that the vessels must have obtained the required operating licences and for them to procure Chartering Contracts beforehand.

11. FINANCIAL INFORMATION (Cont'd)

As such, the loans and advances from related parties as well as third parties were to allow our Group to bridge the timeline between the shipbuilding and/or acquisition of vessels and the availability of such facilities.

As at the LPD, outstanding loans and advances from related parties and third parties as well as financial instruments are as follows:

No.	Source	Purpose/ Source of repayment	Initial amount RM'million	Amount outstanding upon Listing and utilisation of listing proceeds RM'million	
				as at LPD RM'million	
(a)	Loan from Positive Boom Limited (a third party) to Keyfield	Acquisition of Falcon/ Internally generated funds ⁽¹⁾	44.3	-	-
(b)	Issuance of Keyfield Endeavour CRNCPs to Maltiquet (a non-controlling shareholder of Keyfield Endeavour)	Acquisition of Falcon/ Internally generated funds	2.5	2.5	2.5
(c)	Shareholder's loan by Maltiquet to Keyfield Endeavour	Acquisition of Falcon/ Internally generated funds ⁽²⁾	3.0	-	-
(d)	Issuance of Keyfield CRNCPs to Lavin Group	Acquisition of Keyfield Resolute/ Note ⁽³⁾	77.5	77.5	-
(e)	Issuance of Keyfield CRNCPs to Stratos Private Equity	Acquisition of Grace/ Note ⁽³⁾	65.0	65.0	-
Total			192.3	145.0	2.5

Notes:

⁽¹⁾ Pursuant to a loan agreement dated 11 January 2021, Positive Boom Limited had loaned a sum of RM44.3 million to our Company. The sum was then advanced to Keyfield Endeavour for the acquisition of Falcon. This amount has been fully repaid in October 2023.

⁽²⁾ This amount has been fully repaid in September 2023.

⁽³⁾ The amounts stated refers to the nominal value of the Keyfield CRNCPs. These shall be fully redeemed via issuance of IPO Shares and proceeds from the IPO as set out in Section 6.2.8(ii).

11. FINANCIAL INFORMATION (Cont'd)

Upon the completion of the Listing, loans and advances from related parties and third parties shall reduce to RM2.5 million. It is further envisaged that our Group will no longer rely on loans and advances from related parties as well as third parties as one of the sources of financing, as we would have access to funds from the capital markets, and we are also expected to be on a firmer financial footing as our pro forma gearing ratio is expected to decrease from 0.6 times (before the Public Issue) to 0.1 times (after the Public Issue and utilisation of IPO proceeds), resulting from the increase in our shareholder's funds and reduction in our borrowings.

11.5.1 Other financing arrangements

On 7 April 2023, Keyfield Offshore had entered into 2 separate agreements to acquire Blooming Wisdom and Helms 1 respectively. The respective purchase considerations are shown in the table below:

	Blooming Wisdom RM'million	Helms 1 RM'million
Cash purchase price	85.0	45.0
Finance charges ⁽¹⁾	9.9	5.5
Total purchase consideration	94.9	50.5

Note:

- (1) The finance charges are charged on a reducing balance method over the instalment period below.

Under the terms of the agreements, Keyfield Offshore is to repay the vendors of the above two vessels via the following:

- (i) For Blooming Wisdom, the total purchase consideration is payable over 48 monthly instalments of RM1.98 million; and
- (ii) For Helms 1, the total purchase consideration is payable over 29 monthly instalments of RM0.52 million and a final instalment of RM35.5 million.

As at the LPD, the amounts owing to the vendors of Blooming Wisdom and Helms 1 are RM67.1 million and RM41.5 million respectively, before taking into consideration the finance charges, which are charged to our Statement of Comprehensive Income on a monthly basis. Keyfield Offshore shall have the option to fully settle the outstanding balance purchase consideration earlier at any time. Should Keyfield Offshore choose to do so, the vendors shall grant Keyfield Offshore a reduction in finance charge corresponding with the date of such early settlement.

As part of our IPO, we intend to utilise part of the IPO proceeds to partially settle the balance purchase consideration to the vendors. Please refer to Section 4.10 for further information.

11. FINANCIAL INFORMATION (Cont'd)**11.6 MATERIAL CAPITAL COMMITMENTS, MATERIAL LITIGATION AND CONTINGENT LIABILITY****11.6.1 Material capital commitments**

As at the LPD, we do not have any material capital commitments incurred or known to be incurred by us that may have a material and adverse impact on our results of operations or financial position.

11.6.2 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there are no proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

11.6.3 Contingent liability

There are no contingent liabilities incurred by us or our subsidiary, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries as at the LPD.

11.7 KEY FINANCIAL RATIOS

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
Trade receivables turnover period (days) ⁽¹⁾	124	114	118	103
Trade payables turnover period (days) ⁽²⁾	119	100	100	81
Inventories turnover period (days) ⁽³⁾	2	4	5	3
Current ratio (times) ⁽⁴⁾	1.3	0.9	1.1	1.4
Gearing ratio (times) ⁽⁵⁾	0.5	0.9	1.3	1.3

Notes:

- (1) Computed based on the average trade receivables over the revenue for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (2) Computed based on the average trade payables over the cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation) for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (3) Computed based on the average inventories over the cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation) for the respective FYEs/FPE Sep 2023, multiplied by 365 days for FYEs and 273 days for FPE Sep 2023.
- (4) Computed based on total current assets over total current liabilities as at the respective FYEs and FPE Sep Under Review.
- (5) Computed based on all interest-bearing borrowings over NA attributable to owners of the Company as at the respective FYEs and FPE Sep Under Review.

11. FINANCIAL INFORMATION (Cont'd)**11.7.1 Trade receivables turnover period**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	28,604	22,660	64,889	88,008
Closing trade receivables	22,660	64,889	88,008	147,392
Average trade receivables	25,632	43,775	76,449	117,700
Revenue	75,231	139,756	236,204	310,918
Average trade receivables turnover period (days)	124	114	118	103

Our trade receivables consist of amounts receivable from our customers from the time-charter and catering and other services provided in relation to vessels. Our trade receivables credit terms can be categorised as follows:

- (i) Invoices with fixed credit terms, ranging from 30 to 120 days. Such terms apply to PCSB, PACs, oil and gas contractors and offshore support vessel owners; and
- (ii) Invoices without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms which are common in our industry apply to oil and gas contractors and offshore support vessel owners and are usually longer than those in (i) above.

The summary of our Group's revenue invoices and credit terms are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Invoices with fixed credit terms	48,178	104,727	204,689	276,050
Invoices without fixed credit terms	27,053	35,029	31,515	34,868
Total	75,231	139,756	236,204	310,918
% of sales with fixed credit terms	64.0	74.9	86.7	88.8
% of sales without fixed credit terms	36.0	25.1	13.3	11.2

Keyfield Offshore obtained the PETRONAS licence in 2018 and was awarded LOAs For Umbrella Contract, enabling us to directly participate in tenders by PCSB and other PACs, from 2019 onwards. The gradual decrease in the proportion of our Group's trade receivables without fixed credit terms from FYE 2020 to FYE 2022 was due to the following:

- (i) The LOAs For Umbrella Contracts and Umbrella Contracts by PCSB and PACs allowed us to expand our customer base to PCSB and PACs, who are generally larger and more reputable companies with fixed credit terms; and
- (ii) We have built up our track record in the industry, which accorded us with better negotiating position when negotiating credit payment terms with our customers.

Our average trade receivables turnover days for FYEs and FPE Sep Under Review were 124 days, 114 days, 118 days and 103 days respectively.

11. FINANCIAL INFORMATION (Cont'd)

Our average trade receivables turnover days for FYE 2021 and FYE 2022 decreased to 114 days and 118 days respectively from 124 days in FYE 2020 as there was a higher proportion of trade receivables from PCSB/PACs with shorter credit terms as well as a lower proportion of customers who were on back-to-back payment terms in FYE 2021 and FYE 2022. Customers such as PCSB and PACs has shorter credit terms and as such pay us within a shorter period of time as compared to customers who were on back-to-back payment terms.

Our average trade receivables turnover days for FPE Sep 2023 decreased to 103 days as mainly as there was a higher proportion of revenue from PCSB/PACs with shorter credit terms and as such pay us within a shorter period of time as compared to customers who are on back-to-back payment terms.

The ageing analysis of our trade receivables as at 30 September 2023 are as follows:

	Exceeding credit period						Total
	Without credit terms⁽¹⁾	Within credit terms	1 to 30 days past due	31 to 60 days past due	61 - 90 days past due	More than 90 days past due	
Gross trade receivables (RM'000)	23,308	82,148	13,907	17,172	4,918	14,555	156,008
Less: Allowance for impairment losses (RM'000)	-	-	-	-	-	⁽²⁾ (8,616)	(8,616)
Net trade receivables (RM'000)	23,308	82,148	13,907	17,172	4,918	5,939	147,392
% of total net trade receivables (%)	15.8%	55.7%	9.4%	11.7%	3.4%	4.0%	100.0%
Subsequent collections up to the LPD (RM'000)	23,291	81,091	13,907	17,172	4,918	5,782	146,161
Trade receivables net of subsequent collections as at the LPD (RM'000)	17	1,057	-	-	-	157	1,231
% of trade receivables net of subsequent collections as at the LPD to total trade receivables net of subsequent collections (%)	1.4%	85.9%	-	-	-	12.7%	100.0%

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11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) The ageing analysis of trade receivables as at 30 September 2023 without fixed credit terms is as follows:

	Ageing of trade receivables without fixed credit terms					Total
	1 to 30 days	31 to 60 days	61 - 90 days	91-120 days	More than 120 days	
Trade receivables without credit terms (RM'000)	7,418	6,744	6,025	3,109	12	23,308
% of total trade receivables without credit terms (%)	31.8%	28.9%	25.9%	13.3%	0.1%	100.0%
Subsequent collections up to the LPD (RM'000)	7,407	6,744	6,023	3,109	8	23,291
Trade receivables without credit terms net of subsequent collections as at the LPD (RM'000)	11	-	2	-	4	17
% of trade receivables without credit terms net of subsequent collections as at the LPD to total trade receivables without credit terms net of subsequent collections (%)	64.7%	-	11.8%	-	23.5%	100%

- (2) The amount of RM8.6 million refers to the trade receivable due from Sapura Pinewell. We have made an allowance for impairment loss for the full amount due from Sapura Pinewell due to the reasons as disclosed in Section 11.2.2(x) above.

As at 30 September 2023, our total net trade receivables stood at approximately RM147.4 million, of which approximately RM41.9 million or 28.4% of our trade receivables exceeded the normal credit period.

As at LPD, we have collected approximately RM146.2 million representing 99.2% of our total net trade receivables as at 30 September 2023.

Our management closely monitors the recoverability of our overdue trade receivables on a regular basis, and when appropriate, provides for specific impairment of these trade receivables. Our Group also provides for allowance for impairment losses when the need arises.

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11. FINANCIAL INFORMATION (Cont'd)**11.7.2 Trade payables turnover period**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	19,213	13,638	33,923	33,719
Closing trade payables	13,638	33,923	33,719	51,500
Average trade payables	16,426	23,781	33,821	42,610
Cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation)	50,335	86,738	123,117	142,652
Average trade payables turnover period (days)	119	100	100	81

Our trade payables consist of amounts payable to our suppliers for the chartering of third party vessels, food and beverage provisions, spare parts and consumables and various other purchases as disclosed in Section 6.10. During the FYEs and FPE Sep Under Review and up to the LPD, we did not experience any disruption in supply of goods and services from any of our suppliers.

The credit terms provided by our suppliers can be categorised as follows:

- (i) Invoices with fixed credit terms, ranging from 30 to 60 days. Such terms apply to third party vessel owners, food and beverage provisions, spare parts and consumables and various other purchases; and
- (ii) Invoices without fixed credit terms, whereby we will pay our suppliers on a back-to-back basis as and when we receive payments from our customers. Such terms apply to certain third party vessel owners, and are usually longer than those in (i) above.

The summary of our Group's purchases invoices and credit terms are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Invoices with fixed credit terms	26,712	47,900	65,051	69,341
Invoices without fixed credit terms	18,713	26,989	34,696	49,750
Total	45,425	74,889	99,747	119,091
% of purchases with fixed credit terms	58.8	64.0	65.2	58.2
% of purchases without fixed credit terms	41.2	36.0	34.8	41.8

Our average trade payables turnover days for FYEs and FPE Sep under review were 119 days, 100 days, 100 days and 81 days respectively which is higher than the normal credit terms as between 29.7% to 41.2% of our purchases are without fixed credit terms.

11. FINANCIAL INFORMATION (Cont'd)

Our average trade payables turnover days for FYE 2021 and FYE 2022 decreased to 100 days from 119 days in FYE 2020 as there was a lower proportion of suppliers who were on back-to-back payment terms in FYE 2021 and FYE 2022. Further, the proportion of payables consisting of third party vessel owners decreased in FYE 2021 and FYE 2022 as compared to FYE 2020, in tandem with the lower proportion of cost of sales from this segment. The payment to third party vessel owners who were on back-to-back payment terms were longer than the credit period for other types of cost of sales such as vessel maintenance and operation costs.

Our average trade payables turnover days for FPE Sep 2023 decreased to 81 days, as we had paid our trade payables who were on back-to-back payment terms within a shorter period in FPE Sep 2023, in line with the shorter average trade receivables turnover period in FPE Sep 2023, as explained above.

The ageing analysis of our trade payables as at 30 September 2023 are as follows:

	Without credit terms	Within credit terms	Exceeding credit period				Total
			1 to 30 days past due	31 to 60 days past due	61 - 90 days past due	More than 90 days past due	
Trade payables (RM'000)	31,387	13,082	3,931	2,485	241	374	51,500
% of total trade payables (%)	61.0%	25.4%	7.6%	4.8%	0.5%	0.7%	100.0%
Subsequent payments up to the LPD (RM'000)	30,422	12,932	3,931	2,485	241	366	50,377
Trade payables net of subsequent payments (RM'000)	965	150	-	-	-	8	1,123
% of trade payables net of subsequent payments to total trade payables net of subsequent payments (%)	85.9%	13.4%	-	-	-	0.7%	100.0%

As at 30 September 2023, our total trade payables stood at approximately RM51.5 million, of which approximately RM7.0 million or 13.6% of our trade payables exceeded the normal credit period. As at the LPD, we have settled approximately RM50.2 million or 97.5% of our trade payables which were outstanding as at 30 September 2023.

As at the LPD, there is no dispute in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

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11. FINANCIAL INFORMATION (Cont'd)**11.7.3 Inventories turnover period**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Opening inventories	336	480	1,701	2,141
Closing inventories	480	1,701	2,141	1,392
Average inventories	408	1,091	1,921	1,767
Cost of sales (excluding vessel and vessel equipment depreciation as well as right-of-use assets depreciation)	50,335	86,738	123,117	142,652
Average inventories turnover period (days)	2	4	5	3

Our Group's inventories consist of consumables which is mainly marine gas oil which is a consumable used in our operations. Other items such as food and beverage provisions and spare parts are expensed off in the year in which they are incurred. As such, inventories do not form a material item in our current assets.

11.7.4 Current ratio

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Current assets	58,946	90,103	114,220	194,586
Current liabilities	45,796	95,837	107,607	141,168
Net current assets/(liabilities)	13,150	(5,734)	6,613	53,418
Current ratio (times)	1.3	0.9	1.1	1.4

Comparison between 31 December 2020 and 31 December 2021

Our current ratio decreased from 1.3 times as at 31 December 2020 to 0.9 times as at 31 December 2021.

The increase in current liabilities was mainly due to the following:

- (i) Increase in current portion of borrowings by RM21.6 million, mainly due to vessel financing for LS2 and Falcon which were drawdown in December 2020 and January 2021 respectively;
- (ii) Increase in trade and other payables by RM23.0 million, in line with the increase in cost of sales in FYE 2021; and
- (iii) Increase in current portion of lease liabilities by RM5.4 million, for the right-of-use asset in respect of the bareboat charter of Helms 1 for a period exceeding 1 year.

11. FINANCIAL INFORMATION (*Cont'd*)

Nevertheless, we recorded an increase in current assets was mainly due to the increase in trade and other receivables by RM32.4 million. This is mainly due to increase in revenue for FYE 2021 and reclassification of previous year's deposit for Falcon being reclassified to property, plant and equipment as Falcon had been delivered to us in February 2021.

Comparison between 31 December 2021 and 31 December 2022

Our current ratio increased from 0.9 times as at 31 December 2021 to 1.1 times as at 31 December 2022.

The increase in current assets was mainly due to the increase in trade and other receivables by RM21.3 million, resulting from the increase in revenue for FYE 2022.

Nevertheless, we recorded an increase in current liabilities mainly due to the following:

- (i) Increase in current portion of borrowings by RM8.4 million, as we drawdown on our revolving credit facilities to finance our working capital and the increase in current portion of borrowings for vessel financing of Kindness, which was drawdown in September 2022;
- (ii) Increase in current portion of lease liabilities by RM5.5 million, for the additional right-of-use asset in respect of the bareboat charter of Daya Indah Satu for a period exceeding 1 year; and
- (iii) Decrease in other payables by RM5.6 million, resulting from the repayment of shareholder's advance of RM4.2 million to Lavin Group and lower deposits received from our customers by RM1.5 million for chartering of LS2 and Falcon.

These deposits were only in respect of certain customers, i.e. in the case of LS2, it was from a new customer which we had no prior business dealings and the deposit represented the entire value of the Chartering Contract. As for Falcon, the deposit was from the Sapura Group and the amount represented the mobilisation fees charged plus DCR for the period of the charter. We do not require deposits from all of our customers.

Comparison between 31 December 2022 and 30 September 2023

Our current ratio increased to 1.4 times as at 30 September 2023. The movement in our current ratio is mainly due to the following:

- (i) Increase in trade receivables by RM59.4 million which corresponds with the increase in revenue as explained in Section 11.2.3.8(i), where such trade receivables had yet to be received as at end of FPE Sep 2023 as it is still within the credit period;
- (ii) Increase in our cash and bank balances by RM19.6 million, resulting from net cash inflows as explained in Section 11.3.2;
- (iii) Increase in trade payables by RM17.8 million, resulting from the higher cost of sales as explained in Section 11.2.3.8(ii);
- (iv) Increase in other payables by RM22.7 million mainly due to the current portion of payables to the vendors of Blooming Wisdom and Helms 1, whereby the purchase considerations are to be repaid in instalments, offset by repayment to Maltiquest of RM2.0 million; and

11. FINANCIAL INFORMATION (Cont'd)

- (v) Decrease in borrowings by RM5.8 million due to repayments of borrowings offset by the reclassification of current portion of term loans taken to finance LS2 and Falcon as their respective tenures will end within 12 months from 30 September 2023.

11.7.5 Gearing ratio

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Borrowings	64,316	93,149	79,338	55,938
Lease liabilities ⁽¹⁾	130	14,207	18,937	17,334
CRNCPS ⁽²⁾	-	15,563	140,341	141,276
Loan from Maltiquest	-	3,098	2,000	-
Loan from Full Smart International Enterprises Limited	-	5,206	-	-
Amounts due to vendors of Blooming Wisdom and Helms 1 ⁽³⁾	-	-	-	118,482
Total interest-bearing instruments	64,446	131,223	240,616	333,030
NA attributable to the owners of the Company	123,732	141,291	187,972	266,276
	times	times	times	times
Gearing ratio ⁽⁴⁾	0.5	0.9	1.3	1.3

Notes:

- (1) Lease liabilities in FYE 2021, FYE 2022 and FPE Sep 2022 are mainly in respect of right-of-use assets for the bareboat charters of Helms 1 and Daya Indah Satu, while lease liabilities for FPE Sep 2023 are mainly in respect of right-of-use assets for the bareboat charters of Daya Indah Satu and Daya Ceria. Such bareboat charters, which are for a period exceeding 1 year, are computed in accordance with MFRS 16. The interest rate for such lease liabilities is computed based on comparable market instruments.
- (2) CRNCPS in FYE 2021 and FPE Sep 2022 refers to Keyfield Offshore CRNCPS issued to finance the acquisition of Kindness, which was subsequently fully redeemed in FYE 2022. CRNCPS in FYE 2022, FPE Sep 2022 and FPE Sep 2023 refers to Keyfield CRNCPS which were issued to finance the acquisition of Grace and Keyfield Resolute as well as to settle the amount owing by Keyfield Resolute to Lavin Group, and is stated at its fair value.
- (3) Our Group acquired Blooming Wisdom and Helms 1 on 7 April 2023 with the purchase consideration to be paid to the vendors via instalments and which are subject to finance charges. Therefore, the balance purchase consideration are interest-bearing instruments.
- (4) Gearing ratio is computed by dividing the total interest-bearing instruments over NA attributable to the owners of the Company.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2020 and 31 December 2021**

Our gearing ratio increased from 0.5 times as at 31 December 2020 to 0.9 times as at 31 December 2021. Such increase was mainly due to the following:

- (i) Increase in borrowings by RM28.8 million, mainly due to vessel financing for LS2 and Falcon which were drawdown in December 2020 and January 2021 respectively, less repayments made during the financial year;
- (ii) Increase in lease liabilities by RM14.1 million, for the right-of-use asset in respect of the bareboat charter of Helms 1 for a period exceeding 1 year; and
- (iii) Increase in CRNCPS by RM15.6 million, in respect of Keyfield Offshore CRNCPS issued in FYE 2021 to finance the acquisition of Kindness.

Comparison between 31 December 2021 and 31 December 2022

Our gearing ratio increased from 0.9 times as at 31 December 2021 to 1.3 times as at 31 December 2022. Such increase was mainly due to the following:

- (i) Increase in CRNCPS by RM124.8 million, as we had issued Keyfield CRNCPS in FYE 2022 to finance the acquisitions of Grace and Keyfield Resolute as well as to settle the amount owing by Keyfield Resolute to Lavin Group, and is stated at its fair value. We had fully redeemed Keyfield Offshore CRNCPS in FYE 2022;
- (ii) Increase in lease liabilities by RM4.7 million for the additional right-of-use asset in respect of the bareboat charter of Daya Indah Satu for a period exceeding 1 year, less repayments made during the financial year; and
- (iii) The increase was offset by the decrease in borrowings by RM13.8 million as we had made repayments towards our vessel financing borrowings for LS1, LS2, Falcon. In FYE 2022, we had drawdown on a vessel financing for Kindness and on our revolving credit facilities.

Comparison between 31 December 2022 and 30 September 2023

Our gearing ratio remains at 1.3 times for FPE Sep 2023. The main movements in the components of interest-bearing instruments are as follows:

- (i) Decrease in borrowings by RM23.4 million, as explained below:

	<u>FYE 2022</u> <u>RM'000</u>	<u>FPE Sep 2023</u> <u>RM'000</u>	<u>Change</u> <u>RM'000</u>
Revolving credits	19,941	16,867	(3,074)
Term loan for working capital	-	3,000	3,000
Term loan for investment property	1,684	1,596	(88)
Term loan for Mortgage Reducing Term Takaful	22	18	(4)
Term loan to finance acquisition of LS1	4,375	-	(4,375)
Term loan to finance acquisition of LS2	15,483	4,859	(10,624)
Term loan to finance acquisition of Falcon	28,210	21,762	(6,448)
Term loans to refinance acquisition of Kindness	9,623	7,836	(1,787)
Total	79,338	55,938	(23,400)

11. FINANCIAL INFORMATION (*Cont'd*)

The material movements in borrowings are as follows:

- (a) Decrease in revolving credits by RM3.1 million, which was offset by the increase in term loan for working capital by RM3.0 million, as both these facilities are for working capital purposes;
- (b) Decrease in term loan to finance acquisition of LS1 by RM4.4 million, which was fully repaid in July 2023;
- (c) Decrease in term loan to finance acquisition of LS2 by RM10.6 million, due to monthly repayments in FPE Sep 2023 and which was subsequently fully repaid in December 2023;
- (d) Decrease in term loan to finance acquisition of Falcon by RM6.4 million, due to monthly repayments in FPE Sep 2023 and which was subsequently fully repaid in October 2023; and
- (e) Decrease in term loans to refinance acquisition of Kindness by RM1.8 million, due to monthly repayments in FPE Sep 2023.

We had subsequently fully repaid all revolving credits in November 2023 and term loan for working capital in October 2023.

- (ii) Decrease in loan from Maltiquest by RM2.0 million, as we had fully repaid this amount in September 2023;
- (iii) Decrease in lease liabilities by RM1.6 million due to derecognition of lease liabilities for Helms 1 as we had acquired this vessel in April 2023 as well as lease repayments for Daya Indah Satu, offset by recognition of lease liabilities for Daya Ceria for which the bareboat charter commenced in July 2023;
- (iv) Increase in the amount due to vendors of Blooming Wisdom and Helms 1 by RM118.5 million as we had acquired these two vessels in April 2023 for total purchase consideration of RM130.0 million via instalment repayments method, less instalment payments made; and
- (v) Increase in Keyfield CRNCPS by RM1.0 million due to accretion of interest on Keyfield CRNCPS in FPE Sep 2023.

Meanwhile, NA attributable to owners of the Company increased by RM78.3 million arising from PAT attributable to owners of the Company of RM83.4 million recorded during FPE Sep 2023, offset by dividends paid of RM5.0 million in FPE Sep 2023.

11.8 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the FYEs and FPE Sep Under Review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 8.

11. FINANCIAL INFORMATION (Cont'd)**11.9 IMPACT OF INFLATION**

The Board is of the view that the current inflation rate does not have a material impact on our business, financial condition or results of our operation. However, any significant increase in future inflation may adversely affect our Group's operations and performance insofar as we are unable to pass on the higher costs to our customers through increase in selling prices.

11.10 IMPACT OF FOREIGN EXCHANGE RATES AND/OR INTEREST RATES**11.10.1 Impact of foreign exchange rates**

Currently, our business operations are concentrated in Malaysia and therefore our transactions are mainly denominated in RM whilst our purchase of vessels, purchase of consumables as well as spare parts and equipment from overseas are generally denominated in USD.

In FYE 2021, we have expanded our operations to outside Malaysia and therefore recorded revenue in FYE 2021 and FYE 2022 from one customer (from Philippines) as well as and FPE Sep 2023 from one customer (from Thailand), which were denominated in USD, amounting to 6.6%, 1.7% and 0.2% of our total revenue in the respective years/period. Since the end of FPE Sep 2023 and up to the LPD, we recorded revenue denominated in USD amounting to RM5.7 million. Further, we may expand our operations to outside Malaysia in the future if the opportunity arises and we are successful in securing overseas Chartering Contract(s), we may have revenue and trade receivables denominated in foreign currencies in the future.

For the past 3 FYEs 2020 to 2022 and FPE Sep 2023, our gain and losses from the foreign exchange fluctuations are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
	RM'000	RM'000	RM'000	RM'000
Gain on foreign exchange:				
- Realised	2,450	329	320	137
- Unrealised	236	39	-	154
(Loss) on foreign exchange:				
- Realised	(*)	(264)	(1,161)	(174)
- Unrealised	(696)	(115)	-	(75)
Net (loss) / gain on foreign exchange	1,990	(11)	(841)	42

Note:

* Negligible.

The gains/(losses) on foreign exchange are due to the following:

- (i) For unrealised gains/(losses) on foreign exchange, these arise from the retranslation of all monetary assets and liabilities (such as receivables, payables and cash and bank balances) denominated in foreign currency to the year/period end spot foreign exchange rate, as compared to the actual foreign currency rate used at the time when the transaction arose; and

11. FINANCIAL INFORMATION (Cont'd)

- (ii) For realised gains/(losses) on foreign exchange, these arise from the difference between foreign exchange rates for all monetary assets and liabilities (such as receivables, payables and cash and bank balances) in which these are crystallised into RM, as compared to the actual foreign currency rate used at the time when the transaction arose.

In FYE 2020, there were gains on foreign exchange of RM2.7 million. This arose from mainly from gain on foreign exchange of RM2.1 million due to the capitalisation of advances amounting to USD8.6 million (equivalent to RM36.9 million) from WCL and Lavin Group (which were denominated in USD) but were capitalised into our Shares (denominated in RM) and repayment of the balance USD7.8 million (equivalent to RM31.6 million) to Lavin Group in December 2020, and RM0.6 million arising from the re-translation of an amount due by Keyfield Offshore into RM by Keyfield Marine Limited, whose financial statements were denominated in USD.

Meanwhile, unrealised foreign exchange losses of RM0.7 million arose from the translation of USD-denominated bank balances as at the year-end.

We did not record any material gains/loss on foreign exchange during FYE 2021.

In FYE 2022, there were gains on foreign exchange of RM0.3 million which mainly arose from translation of trade receivables denominated in USD. Meanwhile, there were losses on foreign exchange of RM1.2 million which mainly arose from translation of trade payables denominated in USD.

In FPE Sep 2023, there were gains on foreign exchange of RM0.3 million which mainly arose from translation of trade receivables denominated in USD. Meanwhile, there were losses on foreign exchange of RM0.2 million which mainly arose from translation of trade payables denominated in USD.

As at 30 September 2023, the amount of trade receivables and trade payables denominated in foreign currencies for our Group were RM0.5 million and RM1.0 million respectively. This constituted 0.3% of our total trade receivables (net of impairment losses) and 1.9% of total trade payables respectively, with the balance denominated in RM.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As at the LPD, we do not have any unfulfilled foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchase of our consumables, spare parts and equipment and revenue from our existing and potential foreign projects. As at the LPD, other than a third party vessel which we have chartered to a customer in the Malaysia-Thailand joint development area, all of our operations are in Malaysia. In view of this, we do not have a significant foreign currency exchange risk.

11.10.2 Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its profit before interest and income tax expense. The interest coverage ratio for the past financial years and period under review is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023
EBIT (RM'000)	18,831	28,630	66,344	124,830
Finance costs (RM'000)	1,358	3,723	8,722	10,710
Interest coverage ratio (times) ⁽¹⁾	13.9	7.7	7.6	11.7

11. FINANCIAL INFORMATION (Cont'd)

Note:

(1) Computed based on EBIT over finance costs.

Our interest coverage ratio ranges between 7.6 times to 13.9 times for the FYEs and FPE Sep Under Review, indicating that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations. Our interest coverage ratio decreased from 13.9 times in FYE 2020 to 7.7 times and 7.6 times respectively in FYE 2021 and FYE 2021 due to the increase in various interest-bearing instruments to finance the growth of our Group, including for the acquisitions of our own vessels. Our interest coverage ratio increased to 11.7 times in FPE Sep 2023 due to the increase in our EBIT being proportionately higher than the increase in finance costs.

Our Group's financial results for the financial years and period under review were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise our finance cost which will have an adverse effect on the performance of our Group.

11.11 ORDER BOOK

As at LPD, our order book in respect of secured Chartering Contracts is shown in the table below.

	Estimated remaining revenue to be recognised in FYE 2024 RM'million	Estimated remaining revenue to be recognised in FYE 2025 RM'million	Estimated remaining revenue to be recognised in FYE 2026 and beyond⁽¹⁾ RM'million	Total remaining estimated revenue to be recognised RM'million
- In respect of own vessels	269.3	135.3	143.0	547.6
- In respect of third party vessels	87.6	15.7	11.7	115.0
Total	356.9	151.0	154.7	662.6

Note:

(1) The estimated revenue to be recognised in FYE 2026 and beyond refers to the Chartering Contract which we have secured for 3 own vessels namely Kindness, Blooming Wisdom and Helms 1 and 1 third party vessel namely Nadira, for Chartering Contracts which are for a period of 3 years commencing May 2023, April 2024, May 2024 and September 2023 respectively.

In the event we lose our PETRONAS licence, all existing Chartering Contracts with PCSB and PACs will be terminated and our vessels will be off-hire. Nevertheless, we may continue to carry out existing Chartering Contracts with oil and gas contractors and offshore support vessel owners as our PETRONAS licence is a pre-requisite only at the bidding for contract stage for oil and gas contractors, and our Chartering Contracts do not provide for any termination due to the loss of our PETRONAS licence. The PETRONAS licence is not a pre-requisite for Chartering Contracts with offshore support vessels owners.

11. FINANCIAL INFORMATION (Cont'd)

11.12 TREND INFORMATION

Based on our track record for the past FYEs and FPE Sep Under Review, including our segmental analysis of revenue and profitability, the following trends are noted:

- (i) The proportion of revenue and profit generated from our own vessels have been increasing in the FYE Under Review. With the acquisition of 3 additional own vessels in FYE 2023, namely Lestari, Blooming Wisdom and Helms 1 and the acquisition of IMS Aman in January 2024, we expect this trend to continue;
- (ii) The majority of our revenue was derived locally and we expect this trend to continue. Nevertheless, we may earn revenue from outside Malaysia should the opportunity arise; and
- (iii) Our top 5 major customers contributed more than 70% of our Group's revenue. We expect this trend to continue. Further, we expect the proportion of revenue contributed by PCSB to be higher in FYE 2023 as compared to FYE 2022 as we have obtained more Chartering Contracts from PCSB.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 11.2;
- (b) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Section 11.2;
- (c) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Section 11.2; and
- (d) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Section 11.2.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 6.8 and our Group's intention to implement the business strategies as set out in Section 6.19.

11.13 DIVIDENDS

We target a pay-out ratio of at least 20.0% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account the working capital, maintenance capital and committed capital requirements of our Group.

The declaration and payments of any dividend is subject to the discretion of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

11. FINANCIAL INFORMATION (Cont'd)

As we are an investment holding company, our ability to pay dividends is dependent on our subsidiaries, which in turn will depend on:

- (i) Their financial performance and condition;
- (ii) Their working capital needs and availability of cash;
- (iii) Their capital expenditure and business expansion plans;
- (iv) The covenants in our subsidiaries' existing loan agreements; and
- (v) The general economic and business conditions and such other relevant factors.

In addition, we may only make a distribution to our shareholders if we comply with the requirements as set out in Sections 131 and 132 of the Act, which require:

- (i) Our distribution to be made out of profits available; and
- (ii) Our Group is solvent and able to pay our debts as and when they become due within 12 months immediately after our distribution.

Save for the following banking restrictive covenants which our subsidiaries are subject to, there are no legal, financial, or economic restriction on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances as at the LPD:

- (i) Prior written consents of RHB Bank Berhad, Alliance Islamic Bank Berhad, United Overseas Bank (Malaysia) Bhd and Small Medium Enterprise Development Bank Malaysia Berhad for Keyfield Offshore to declare dividends to Keyfield; and
- (ii) Prior written consent of Bank Pembangunan Malaysia Berhad for Keyfield Marine to declare dividends to Keyfield.

As at the date of this Prospectus, there is no debt covenant ratio which our Company or our subsidiaries needs to adhere to prior to declaring any dividends.

Nevertheless, we wish to highlight that in the past, Keyfield Marine was required to maintain a debt to equity ratio of not more than 4:1 at all times in respect of Term Loan IX at all times throughout the tenure of the loan (i.e. not specific in respect of dividends declaration), which it has met throughout the tenure of the said loan prior to its full settlement. Term Loan IX has been fully repaid on December 2023.

(i) Ordinary shares

In respect of FYEs 2020 to 2022 and FPE Sep 2023, dividends declared in respect of ordinary shares were as follows:

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	(1)500	(2)2,004	(3)5,010	-	(4)15,030

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Declared by Keyfield Offshore to its then ordinary shareholders in respect of interim dividend for FYE 2020 prior to its acquisition by Keyfield, on 31 August 2020 and paid on 23 December 2020.
- (2) Declared by Keyfield on 27 May 2022 in respect of final dividend for FYE 2021 and paid on 11 September 2022.
- (3) Declared by Keyfield on 8 May 2023 in respect of final dividend for FYE 2022 and paid on 21 June 2023.
- (4) Declared by Keyfield on 15 February 2024 in respect of interim dividends for FYE 2023 and paid on 22 February 2024.

(ii) Keyfield CRNCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	⁽¹⁾ 3,563	⁽²⁾ 3,206	⁽³⁾ 1,781
Dividends paid	-	-	-	⁽⁴⁾ 4,275	⁽⁵⁾ 4,275

Notes:

- (1) This amount represents the dividends declared on Keyfield CRNCPS from the date of issuance until 31 December 2022.
- (2) This amount represents the dividends declared on Keyfield CRNCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents the dividends declared on Keyfield CRNCPS from 1 October 2023 until LPD.
- (4) In FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM3.6 million in respect for FYE 2022 and RM0.7 million which is in respect of FYE 2023, on 28 April 2023.
- (5) Subsequent to FPE Sep 2023, Keyfield paid a total of RM4.3 million dividends in respect of the Keyfield CRNCPS consisting of the RM2.5 million in respect for FPE Sep 2023 and RM1.8 million which is in respect of the period from 1 October 2023 up to LPD, on 22 February 2024.

Cumulative dividends of 3% will apply on Keyfield CRNCPS until their full redemption. Upon our IPO, all Keyfield CRNCPS will be fully redeemed.

(iii) Keyfield Offshore CRNCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	-	-	⁽¹⁾ 693	-	-

11. FINANCIAL INFORMATION (Cont'd)

Note:

- (1) Keyfield Offshore had paid RM0.7 million dividends in respect of the Keyfield Offshore CRNCPS to Stratos Private Equity on 23 September 2022 and 24 November 2022, prior to their full redemption.

(iv) Keyfield Endeavour CRCPS

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FPE Sep 2023	From 1 October 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	(1)79	(2)38	(3)21
Dividends paid	-	-	(1)79	-	-

Notes:

- (1) Keyfield Endeavour paid RM0.1 million in dividends to Maltquest on 29 December 2022 in respect of Keyfield Endeavour CRCPS dividends for FYE 2021 and 2022, being Maltquest's proportionate share.
- (2) This amount represents Maltquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 January 2023 until 30 September 2023.
- (3) This amount represents Maltquest's proportionate share of the dividends declared on Keyfield Endeavour CRCPS from 1 October 2023 up to LPD.

Cumulative dividends at 2% will apply on Keyfield Endeavour CRCPS until its full redemption.

11.14 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of the Subsequent Events, issuance of Keyfield Shares and redemption of Keyfield CRNCPS, Public Issue and utilisation of IPO proceeds.

	Keyfield	I	II	III	IV
	Unaudited as at 31 January 2024	After Subsequent Events*	After I and issuance of Keyfield Shares and redemption of Keyfield CRNCPS	After II and Public Issue	After III and utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Capitalisation					
NA attributable to the owners of the Company	292,488	277,457	358,457	546,521	534,690
Total capitalisation	292,488	277,457	358,457	546,521	534,690

11. FINANCIAL INFORMATION (Cont'd)

	Keyfield	I	II	III	IV
	Unaudited as at 31 January 2024	After Subsequent Events*	After I and issuance of Keyfield Shares and redemption of Keyfield CRNCPS	After II and Public Issue	After III and utilisation of IPO proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000
Indebtedness⁽¹⁾					
Current					
Term loans	2,609	2,609	2,609	2,609	-
Amount owing to vendors of Blooming Wisdom and Helms 1 ⁽²⁾	24,466	24,466	24,466	24,466	-
CRNCPS	3,919	3,919	3,919	3,919	3,919
Lease liabilities	9,888	9,888	9,888	9,888	9,888
Non-current					
Term loans	5,987	5,987	5,987	5,987	5,596
Amount owing to vendors of Blooming Wisdom and Helms 1 ⁽²⁾	86,169	86,169	86,169	86,169	10,635
CRNCPS	139,669	139,669	58,669	58,669	-
Lease liabilities	3,841	3,841	3,841	3,841	3,841
Total indebtedness	276,548	276,548	195,548	195,548	33,879
Total capitalisation and indebtedness	569,036	554,005	554,005	742,069	567,569
Gearing ratio⁽³⁾(times)	1.0	1.0	0.6	0.4	0.1

Notes:

* Includes transactions and events after 31 December 2023 as shown in Note 4.1 of the Pro Forma Consolidated Statements of Financial Position in Section 13 of the Prospectus.

⁽¹⁾ Except for the loan from Positive Boom Limited, shareholder's loan from Maltiquet, Keyfield CRNCPS and lease liabilities, all of our indebtedness are secured and/or guaranteed.

⁽²⁾ As detailed in Section 11.5.1, our Group had acquired Blooming Wisdom and Helms 1 for the aggregate purchase consideration of RM145.4 million, comprising aggregate cash purchase price of RM130.0 million and finance charges of RM15.4 million, payable over instalments. As such, the amounts owing to the respective vendors are included herein as part of our Group's indebtedness.

⁽³⁾ Calculated based on the total indebtedness divided by the total capitalisation.

12. ACCOUNTANTS' REPORT



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11 MAR 2024

The Board of Directors
KEYFIELD INTERNATIONAL BERHAD
 B-31-02, Tower B, Pavilion Embassy
 No 200, Jalan Ampang
 50450 Kuala Lumpur

Dear Sirs/Madams,

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF KEYFIELD INTERNATIONAL BERHAD

OPINION

We have audited the financial information of Keyfield International Berhad ("Keyfield") and its subsidiaries ("the Group") which comprise the consolidated statements of financial position as at 31 December 2020, 2021 and 2022 and 30 September 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2020, 2021 and 2022 and financial period ended ("FPE") 30 September 2023, and notes to the financial information, including material accounting policy information as set out on pages 4 to 112.

This historical financial information has been prepared for inclusion in the prospectus of Keyfield, in connection with the listing of and quotation for its entire enlarged issued share capital of Keyfield on the Main Market of Bursa Malaysia Securities Berhad. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 and of their financial performance and their cash flows for each of the FYE 31 December 2020, 2021 and 2022 and FPE 30 September 2023 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

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 Reporting Accountant's Responsibilities for the Audit of the financial information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Independence and Other Ethical Responsibilities

We are independent of Keyfield in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

12. ACCOUNTANTS' REPORT (Cont'd)**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The Directors of Keyfield are responsible for the preparation of the financial information of Keyfield that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of Keyfield as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 information.

As a 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 information of Keyfield, 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 Keyfield'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 Keyfield's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of Keyfield 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 report. However, future events or conditions may cause Keyfield to cease to continue as a going concern.

12. ACCOUNTANTS' REPORT (Cont'd)



REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

- Evaluate the overall presentation, structure and content of the financial information of Keyfield, including the disclosures, and whether the financial information of Keyfield represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Keyfield to express an opinion on the financial information of Keyfield. 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.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the prospectus to be issued in relation to the proposed offering of the shares of Keyfield in connection with Keyfield's listing on Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be "Crowe", positioned above the printed name.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Chin Kit Seong", positioned above the printed name.

Chin Kit Seong
03030/01/2025 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<----- FYE 31 December ----->			FPE 30 September 2023
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
ASSETS					
NON-CURRENT ASSETS					
Investment in an associate	4	250	254	229	214
Property, plant and equipment	5	160,476	232,971	368,567	508,198
Investment property	6	-	-	1,555	1,532
Right-of-use assets	7	265	14,261	19,068	17,210
Other investments		-	-	218	218
		<u>160,991</u>	<u>247,486</u>	<u>389,637</u>	<u>527,372</u>
CURRENT ASSETS					
Inventories	8	480	1,701	2,141	1,392
Trade receivables	9	22,660	64,889	88,008	147,392
Other receivables, deposits and prepayments	10	12,339	2,528	735	1,770
Current tax assets		580	150	72	60
Fixed deposits with licensed banks	11	2,711	6,179	6,240	7,304
Cash and bank balances		20,176	14,656	17,024	36,668
		<u>58,946</u>	<u>90,103</u>	<u>114,220</u>	<u>194,586</u>
TOTAL ASSETS		<u>219,937</u>	<u>337,589</u>	<u>503,857</u>	<u>721,958</u>

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

		<----- FYE 31 December ----->			FPE 30 September 2023
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	125,260	125,260	125,260	125,260
Non-cumulative non-redeemable convertible preference shares ("NCNRCPs")	13	-	-	-	-
Reserves	14	(1,528)	16,031	62,712	141,016
Equity attributable to owners of the Company		123,732	141,291	187,972	266,276
Non-controlling interest	15	-	3,391	4,365	5,250
TOTAL EQUITY		123,732	144,682	192,337	271,526
NON-CURRENT LIABILITIES					
Cumulative redeemable non-convertible preference shares ("CRNCPS")	16	-	15,563	136,778	138,782
Lease liabilities	17	88	8,802	8,040	6,407
Other payables	21	-	8,206	2,000	94,464
Borrowings	18	42,367	49,663	27,461	9,854
Deferred tax liabilities	19	7,954	14,836	29,634	59,757
		50,409	97,070	203,913	309,264
CURRENT LIABILITIES					
Trade payables	20	13,638	33,923	33,719	51,500
Other payables and accruals	21	10,151	12,907	7,338	29,958
CRNCPS	16	-	-	3,563	2,494
Lease liabilities	17	42	5,405	10,897	10,927
Borrowings	18	21,949	43,486	51,877	46,084
Current tax liabilities		16	116	213	205
		45,796	95,837	107,607	141,168
TOTAL LIABILITIES		96,205	192,907	311,520	450,432
TOTAL EQUITY AND LIABILITIES		219,937	337,589	503,857	721,958

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<----- FYE 31 December ----->			<----- FPE 30 September ----->	
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
REVENUE	22	75,231	139,756	236,204	168,601	310,918
COST OF SALES		(54,335)	(97,170)	(146,632)	(107,559)	(167,531)
GROSS PROFIT		20,896	42,586	89,572	61,042	143,387
OTHER INCOME		4,663	1,796	9,000	8,434	1,151
		25,559	44,382	98,572	69,476	144,538
ADMINISTRATIVE EXPENSES		(4,932)	(8,037)	(14,447)	(10,043)	(13,839)
OTHER EXPENSES		(1,619)	(1,924)	(6,559)	(4,198)	(5,547)
FINANCE COSTS		(1,358)	(3,723)	(8,722)	(6,298)	(10,710)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS	23	(17)	(5,677)	(4,307)	-	-
GAIN ON DISSOLUTION OF A SUBSIDIARY		-	-	499	-	-
SHARE OF (LOSSES)/PROFITS OF AN EQUITY ACCOUNTED ASSOCIATE	4	(100)	4	(25)	(28)	(15)
PROFIT BEFORE TAXATION	24	17,533	25,025	65,011	48,909	114,427
INCOME TAX EXPENSE	25	(4,017)	(7,018)	(15,160)	(12,150)	(30,190)
PROFIT AFTER TAXATION		13,516	18,007	49,851	36,759	84,237
OTHER COMPREHENSIVE (EXPENSES)/INCOME		(596)	(62)	(112)	69	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		12,920	17,945	49,739	36,828	84,237

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

		<----- FYE 31 December ----->			<----- FPE 30 September ----->	
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
PROFIT AFTER TAXATION						
ATTRIBUTABLE TO:-						
Owners of the Company		13,516	17,621	48,877	36,047	83,352
Non-controlling interests		-	386	974	712	885
		<u>13,516</u>	<u>18,007</u>	<u>49,851</u>	<u>36,759</u>	<u>84,237</u>
TOTAL COMPREHENSIVE INCOME						
ATTRIBUTABLE TO:-						
Owners of the Company		12,920	17,559	48,765	36,116	83,352
Non-controlling interests		-	386	974	712	885
		<u>12,920</u>	<u>17,945</u>	<u>49,739</u>	<u>36,828</u>	<u>84,237</u>
EARNINGS PER SHARE (SEN):	26					
- Basic		2.70	3.52	9.76	7.19	16.64
- Diluted		2.70	3.52	9.76	7.19	16.64

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

		<----- Audited ----->			
				Non-distributable	Distributable
		Share Capital	NCNRCPS	Foreign Exchange Translation Reserve	Retained Profits
Note		RM'000	RM'000	RM'000	Total Equity RM'000
	Balance at 1 January 2020	10,000	33,000	(2,057)	25,009
					65,952
	Profit after taxation for the financial year	-	-	-	13,516
					13,516
	Other comprehensive expenses for the financial year:				
	- foreign currency translation differences	-	-	(596)	-
					(596)
	Contributions by and distributions to owners of the Company:				
	- dividend	-	-	-	(500)
27					(500)
	- issuance of ordinary shares	135,261	-	-	-
12					135,261
	- conversion of NCNRCPS into ordinary shares	33,000	(33,000)	-	-
13					-
	- effect on internal reorganisation@	(53,001)	-	-	(36,900)
14(b)					(89,901)
	Total transactions with owners	115,260	(33,000)	-	(37,400)
					44,860
	Balance at 31 December 2020	125,260	-	(2,653)	1,125
					123,732

Note:-

- @ - The effect of internal reorganisation arose from the reorganisation exercise as explained in Notes 12(d)(ii) and 14(b) to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

----- Audited ----->						
		Non- distributable	Distributable			
	Note	Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000
						Total Equity RM'000
Balance at 1 January 2021		125,260	(2,653)	1,125	123,732	-
Profit after taxation for the financial year		-	-	17,621	17,621	386
Other comprehensive expenses for the financial year:						
- realisation of foreign currency translation differences arising from the capital reduction of a subsidiary		-	2,766	(2,828)	(62)	-
Contributions by owners of the Company:						
- changes in a subsidiary's ownership interests that do not result in a loss of control	15(a)	-	-	-	-	3,000
- formation of a subsidiary	15(b)	-	-	-	-	5
Total transactions with owners		-	-	-	-	3,005
Balance at 31 December 2021		125,260	113	15,918	141,291	3,391

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

<----- Audited ----->						
		Non- distributable	Distributable			
	Note	Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000
						Total Equity RM'000
Balance at 1 January 2022		125,260	113	15,918	141,291	3,391
Profit after taxation for the financial year		-	-	48,877	48,877	974
Other comprehensive expenses for the financial year:						
- foreign currency translation differences		-	(113)	-	(113)	-
Distributions to owners of the Company:						
- dividends	27	-	-	(2,083)	(2,083)	-
Balance at 31 December 2022		125,260	-	62,712	187,972	4,365

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

<----- Audited ----->						
		Non- distributable	Distributable			
		Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Note	Share Capital RM'000					
Balance at 1 January 2023	125,260	-	62,712	187,972	4,365	192,337
Profit after taxation for the financial period	-	-	83,352	83,352	885	84,237
Distributions to owners of the Company: - dividends	-	-	(5,048)	(5,048)	-	(5,048)
Balance at 30 September 2023	125,260	-	141,016	266,276	5,250	271,526

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CASH FLOWS**

		<----- FYE 31 December ----->			<----- FPE 30 September ----->	
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation		17,533	25,025	65,011	48,909	114,427
Adjustments for:-						
Accretion of interest on CRNCPS		-	-	2,260	1,582	2,004
Allowance for impairment losses on trade receivables	23	-	5,128	4,307	-	-
Bad debts written off	23	17	549	-	-	-
Depreciation:						
- property, plant and equipment		4,084	8,802	18,864	13,645	19,826
- investment property		26	-	16	8	23
- right-of-use assets		35	2,063	6,489	4,150	6,698
Other interest expenses		1,358	3,550	8,194	5,983	10,120
Interest expense on lease liabilities		-	171	529	315	590
Share of losses/(profits) of an equity accounted associate		100	(4)	25	28	15
Net unrealised loss/(gain) on foreign exchange		460	76	-	469	(79)
Dividend income:						
- associate		-	-	(98)	-	-
Fair value gain on CRNCPS		-	-	(7,282)	(7,282)	-
(Gain)/Loss on lease modification		-	-	(177)	(177)	18
Gain on disposal:						
- property, plant and equipment		-	(3)	-	-	-
- investment property		(91)	-	-	-	-
Gain on dissolution of a subsidiary		-	-	(499)	-	-
Interest income		(60)	(118)	(107)	(85)	(307)
Operating profit before working capital changes		23,462	45,239	97,532	67,545	153,335
(Increase)/Decrease in inventories		(144)	(1,221)	(440)	273	749
Increase in trade and other receivables		(5,637)	(46,144)	(24,228)	(29,738)	(60,419)
(Decrease)/Increase in trade and other payables		(4,301)	25,946	(5,208)	(478)	17,260
Increase/(decrease) in amount owing to related parties		-	1,015	(1,015)	(1,015)	-
Decrease in amount owing to an associate		(262)	-	-	-	-
CASH FROM OPERATIONS		13,118	24,835	66,641	36,587	110,925
Interest paid		(1,358)	(3,623)	(3,932)	(3,644)	(11,779)
Income tax paid		(432)	(196)	(222)	-	(119)
Tax refunds		-	590	-	71	56
NET CASH FROM OPERATING ACTIVITIES		11,328	21,606	62,487	33,014	99,083

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

		<----- FYE 31 December ----->			<----- FPE 30 September ----->	
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
CASH FLOWS FOR INVESTING ACTIVITIES						
Acquisition of a subsidiary, net of cash and cash equivalents acquired	28	-	-	448	448	-
Addition:						
- right-of-use assets	30(a)	(150)	-	-	-	-
- other investment		-	-	(218)	(218)	-
Interest income received		60	118	107	85	307
Proceeds from issuance of shares to non-controlling interests		-	5	-	-	-
Proceeds from disposal:						
- property, plant and equipment		-	30	250	250	-
- investment property		2,500	-	-	-	-
Purchase of property, plant and equipment	30(a)	(56,630)	(26,414)	(11,789)	(10,906)	(30,372)
(Increase)/Decrease in pledged fixed deposits with licensed banks		(166)	275	-	-	(1,799)
Net (increase)/decrease in fixed deposits restricted for use		-	(3,743)	(61)	(61)	735
Dividend received from an associate		-	-	98	-	-
NET CASH FOR INVESTING ACTIVITIES		(54,386)	(29,729)	(11,165)	(10,402)	(31,129)

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

		<----- FYE 31 December ----->			<----- FPE 30 September ----->	
	Note	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2022 RM'000 Unaudited	2023 RM'000 Audited
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES						
Dividend paid		(500)	-	(2,083)	-	(5,010)
Drawdown of term loans	30(b)	38,349	259	10,116	10,116	3,000
Net drawdown/(repayment) of revolving credits	30(b)	6,327	2,313	11,301	2,514	(3,074)
Proceeds from issuance of ordinary shares		10,100	-	-	-	-
Proceeds from issuance/(redemptions) of CRNCPS	30(b)	-	15,563	(15,563)	(10,000)	-
Advances from/(Repayment to) a shareholder		25,709	(5,021)	(4,946)	(446)	-
Repayment to directors		(202)	-	-	-	-
(Repayment to)/Advances from related parties		(10,243)	4,507	(1,000)	-	-
Advances from/(Repayment to) third parties	30(b)	-	5,060	(5,206)	(5,206)	(13,518)
Repayment of lease liabilities	30(b)	(20)	(1,982)	(6,389)	(3,820)	(6,461)
Repayment of term loans	30(b)	(9,782)	(18,069)	(35,228)	(18,997)	(23,326)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		59,738	2,630	(48,998)	(25,839)	(48,389)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
		16,680	(5,493)	2,324	(3,227)	19,565
EFFECTS OF FOREIGN EXCHANGE TRANSLATION						
		(1,084)	(27)	44	(183)	79
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD						
		4,580	20,176	14,656	14,656	17,024
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD						
	30(c)	20,176	14,656	17,024	11,246	36,668

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

On 30 November 2020, Keyfield International Berhad ("Keyfield" or "the Group") was incorporated as a private limited liability company to facilitate the proposed initial public offering. On 31 December 2020, Keyfield was converted from a private limited company to a public company limited by shares.

Keyfield entered into two separate Share Sale Agreements ("SSA") to undertake the following acquisitions:-

- 1.1 First SSA dated on 22 December 2020 to acquire 100% equity interests in Keyfield Marine Sdn. Bhd. ("Keyfield Marine") and Keyfield Endeavour Sdn. Bhd. ("Keyfield Endeavour") as disclosed in Note 36(d) to the consolidated financial statements; and
- 1.2 Second SSA dated on 23 December 2020 to acquire 100% equity interests in Keyfield Offshore Sdn. Bhd. ("Keyfield Offshore") as disclosed in Note 36(e) to the consolidated financial statements.

Keyfield Offshore was incorporated in Malaysia on 17 April 2013 under the Companies Act 1965 as a private company limited by shares.

Keyfield Offshore is principally engaged in vessel ownership, chartering of offshore support vessel, provision of catering services to passenger on board vessel, ship management, trading of marine equipment and other marine related activities.

On 7 May 2021, Maltiquest Sdn. Bhd. ("Maltiquest") had invested 10% of the equity interest in Keyfield Endeavour Sdn. Bhd. ("Keyfield Endeavour") resulted in Keyfield Endeavour became a 90%-owned subsidiary of Keyfield as disclosed in Note 36(i) to the consolidated financial statements.

On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine Sdn. Bhd. ("Keyfield Geomarine") was incorporated. Keyfield subscribed for a total of 5,100 ordinary shares of RM1 each in Keyfield Geomarine for a total investment cost of RM5,100, with the balance held by a non-controlling interest (Helms Geomarine Sdn. Bhd.) as disclosed in Note 36(m) to the consolidated financial statements.

On 12 January 2022, a wholly-owned subsidiary of the Company, Keyfield Serenity Sdn. Bhd. ("Keyfield Serenity") was incorporated. The Company subscribed for a total of 100,000 ordinary shares of RM1 each in Keyfield Serenity for a total investment cost of RM100,000 as disclosed in Note 36(q) to the consolidated financial statements.

On 18 February 2022, Keyfield entered into a Sale and Purchase Agreement with Lavin Group Sdn. Bhd. ("Lavin") to acquire 100% equity interest in Keyfield Resolute Sdn. Bhd. ("Keyfield Resolute") for a total purchase consideration of RM12,500,000 which was satisfied through the issuance of 50,000,000 new 3-year CRNCPS in Keyfield for a total value of RM12,500,000 to Lavin. The acquisition was completed on even date as disclosed in Note 36(t) to the consolidated financial statements. The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 Business Combinations does not apply. No goodwill or bargain purchase is recognised.

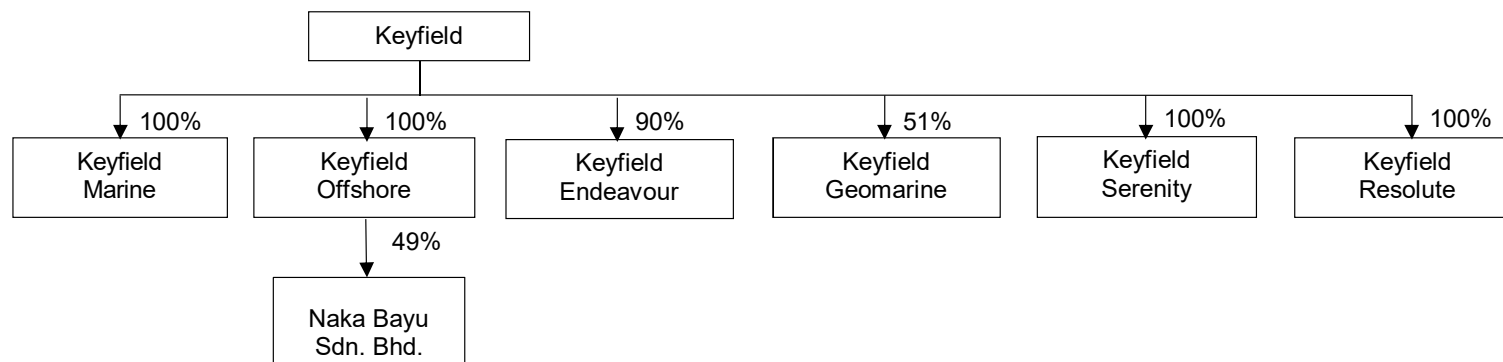
On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore was struck off pursuant to Section 151(4) of the Labuan Companies Act 1990 as disclosed in Note 36(x) to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONT'D)

Keyfield's group structure as at 30 September 2023 is as follows:-



12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION**

- 2.1 The financial statements of the Group, comprising the financial statements of Keyfield and its subsidiaries, are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.
- 2.2 The Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) in the following financial years/period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)**Effective Date****FYE 31 December 2020:-**

Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

FYE 31 December 2021:-

Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

FYE 31 December 2022:-

Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

- 2.2 The Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) in the following financial years/period (cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)**Effective Date****FPE 30 September 2022:-**

Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

FPE 30 September 2023:-

MFRS 7 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Group had early adopted the Amendments to MFRS 101 'Disclosure of Accounting Policies', which is effective for annual reporting periods beginning on or after 1 January 2023, during FYE 31 December 2020. This early adoption did not result in any changes to the existing accounting policies of the Group. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group has made updates to the accounting policies presented in Note 3 to the consolidated financial statements in line with the amendments.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

- 2.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for FPE 30 September 2023:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets, is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(b) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Critical Judgements Made in Applying Accounting Policies (Cont'd)***(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.2 FINANCIAL INSTRUMENTS**(a) Financial Assets**Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial LiabilitiesFinancial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

Cumulative Redeemable Non-convertible Preference Shares ("CRNCPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments.

12. ACCOUNTANTS' REPORT (*Cont'd*)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity

Ordinary Shares, Non-Cumulative Redeemable Convertible Preference Shares ("NCRCPs") and Cumulative Redeemable Convertible Preference Shares ("CRCPS")

Ordinary shares, NCRCPs and CRCPS are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares, NCRCPs and CRCPS are not remeasured subsequently.

(d) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount financial guarantee initially recognised less cumulative amortisation.

3.3 INVESTMENTS IN ASSOCIATES

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

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.4 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses.

Depreciation on other property, plant and equipment is calculated using straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Vessels	Over the remaining useful life of up to 25 years
Vessel equipment	20%
Dry docking expenditure	20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%

Dry docking expenditure represents major inspection and overhaul costs and is depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry docking, generally every five years.

Capital work-in-progress represents assets under construction. They are not depreciated until such time when the asset is available for use.

3.5 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amount over the estimated useful lives. The principal annual depreciation period is:-

Buildings	50 years

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.6 RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
4. INVESTMENT IN AN ASSOCIATE

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Unquoted shares, at cost	122	122	122	122
Share of post-acquisition reserves	128	132	107	92
	<u>250</u>	<u>254</u>	<u>229</u>	<u>214</u>

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/Country of Incorporation	Percentage of Ownership				Principal Activities
		FYE 31 December			FPE 30	
		2020	2021	2022	September	
		%	%	%	2023	
<i>Associate of Keyfield Offshore</i>						
Naka Bayu Sdn. Bhd.	Malaysia	49	49	49	49	Chartering of tug boat and marine security related activities - temporarily inactive during the financial year/period.

The summarised financial information has not been presented as the associate is not individually material to the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT**

	←----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Carrying Amount</i>								
At 1 January 2020	89,508	62	66	-	35	9	595	90,275
Additions	73,009	621	15	-	39	-	601	74,285
Depreciation charges	(4,000)	(34)	(41)	-	(6)	(3)	-	(4,084)
At 31 December 2020/ 1 January 2021	158,517	649	40	-	68	6	1,196	160,476
Additions	78,540	2,328	-	-	190	7	259	81,324
Disposal	-	-	(27)	-	-	-	-	(27)
Depreciation charges	(8,463)	(300)	(2)	-	(34)	(3)	-	(8,802)
At 31 December 2021/ 1 January 2022	228,594	2,677	11	-	224	10	1,455	232,971
Additions	68,624	5,419	605	3,493	125	2	116	78,384
Disposal	-	-	(550)	-	-	-	-	(550)
Transfer to investment property (Note 6)	-	-	-	-	-	-	(1,571)	(1,571)
Dissolution of a subsidiary (Note 29)	342	-	-	-	-	-	-	342
Acquisition of a subsidiary (Note 28)	76,023	1,832	-	-	-	-	-	77,855
Depreciation charges	(16,754)	(1,605)	(7)	(422)	(72)	(4)	-	(18,864)
At 31 December 2022	356,829	8,323	59	3,071	277	8	-	368,567

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Carrying Amount</i>								
At 1 January 2023	356,829	8,323	59	3,071	277	8	-	368,567
Additions	154,457	3,267	4	1,165	114	450	-	159,457
Depreciation charges	(17,155)	(1,881)	(8)	(660)	(68)	(54)	-	(19,826)
At 30 September 2023	494,131	9,709	55	3,576	323	404	-	508,198

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
At 31 December 2020								
At cost	170,430	705	282	-	275	14	1,196	172,902
Accumulated depreciation	(11,913)	(56)	(242)	-	(207)	(8)	-	(12,426)
Carrying amount	158,517	649	40	-	68	6	1,196	160,476
At 31 December 2021								
At cost	248,970	3,033	222	-	465	21	1,455	254,166
Accumulated depreciation	(20,376)	(356)	(211)	-	(241)	(11)	-	(21,195)
Carrying amount	228,594	2,677	11	-	224	10	1,455	232,971
At 31 December 2022								
At cost	393,959	10,284	277	3,493	590	23	-	408,626
Accumulated depreciation	(37,130)	(1,961)	(218)	(422)	(313)	(15)	-	(40,059)
Carrying amount	356,829	8,323	59	3,071	277	8	-	368,567

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

	----- Audited ----->							
	Vessels RM'000	Vessel equipment RM'000	Motor vehicles RM'000	Dry docking RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
At 30 September 2023								
At cost	548,416	13,551	281	4,658	704	473	-	568,083
Accumulated depreciation	(54,285)	(3,842)	(226)	(1,082)	(381)	(69)	-	(59,885)
Carrying amount	494,131	9,709	55	3,576	323	404	-	508,198

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The carrying amounts of property, plant and equipment of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Vessels	158,517	171,298	165,524	160,140
Capital work-in-progress	1,196	1,455	-	-
	<u>159,713</u>	<u>172,753</u>	<u>165,524</u>	<u>160,140</u>

- (b) On 19 August 2020, a Shipbuilding Contract was novated to Keyfield Marine by a related party for the purchase of a vessel, namely Laguna Setia 2. The vessel was delivered and recognised as asset on 28 September 2020 as disclosed in Note 36(b) to the consolidated financial statements. As at the end of FYE 31 December 2020, the vessel was not yet available for use and accordingly, the depreciation of Laguna Setia 2 had only begun in FYE 31 December 2021.
- (c) On 11 October 2021, Keyfield Offshore entered into a Shipbuilding contract with Vantage Construction (Hong Kong) Co. ("Vantage"), Limited for the construction of a vessel, namely Keyfield Kindness, for a total purchase consideration of USD4,250,000. The vessel was delivered and recognised as an asset on 9 November 2021 as disclosed in Note 36(l) to the consolidated financial statements. As at the end of FYE 31 December 2021, the vessel was not yet available for use and accordingly, the depreciation of Keyfield Kindness had only begun in FYE 31 December 2022.
- (d) Dry docking represents capitalisation of expenditure incurred on major inspection and overhaul for certain vessels of the Group.
- (e) Capital work-in-progress represented building under construction which was not ready for commercial use at the end of FYE 31 December 2020 and FYE 31 December 2021.
- (f) Included in the property, plant and equipment of the Group are vessels namely, Blooming Wisdom and Keyfield Helms 1 held under instalment arrangements. The carrying amounts of the assets which have been pledged as security for the other payables of the Group as disclosed in Notes 21(f) and 21(g) to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Vessels	-	-	-	126,750

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****6. INVESTMENT PROPERTY**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Building, at cost:-				
At 1 January	2,585	-	-	1,571
Transfer from property, plant and equipment (Note 5)	-	-	1,571	-
Disposal	(2,585)	-	-	-
At 31 December/30 September	-	-	1,571	1,571
Accumulated depreciation:-				
At 1 January	(150)	-	-	(16)
Depreciation charge	(26)	-	(16)	(23)
Disposal	176	-	-	-
At 31 December/30 September	-	-	(16)	(39)
	-	-	1,555	1,532

- (a) The investment property of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 18(a)(iv) and 18(a)(v) to the consolidated financial statements.
- (b) The investment property in FYE 31 December 2020 had been disposed on 12 August 2020 for a cash consideration of RM2,500,000.
- (c) The fair value of the investment property as at the end of FPE 30 September 2023 was estimated at approximately RM1,900,000 (FYE 31 December 2022 - RM1,900,000), which is within level 3 fair value hierarchy. The fair value is arrived at based on directors' assessment of the current price in an active market of comparable property within its vicinity and adjustment is then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.
- (d) The investment property is leased to a customer under an operating lease with rental payables monthly. The lease contains initial non-cancellable period of 3 years and an option that is exercisable by the customer to extend its lease for further 3 years.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY (CONT'D)

The future minimum rental receivables under the non-cancellable operating lease at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Within 1 year	-	-	96	96
Between 1 and 2 years	-	-	96	96
Later than 3 years	-	-	72	-
	-	-	264	192

7. RIGHT-OF-USE ASSETS

	<----- Audited ----->			
	Vessels RM'000	Offices RM'000	Motor vehicle RM'000	Total RM'000
<i>Carrying amount</i>				
At 1 January 2020	-	-	-	-
Addition	-	-	300	300
Depreciation charge	-	-	(35)	(35)
At 31 December 2020/ 1 January 2021	-	-	265	265
Additions	15,756	303	-	16,059
Depreciation charges	(1,969)	(49)	(45)	(2,063)
At 31 December 2021/ 1 January 2022	13,787	254	220	14,261
Additions	21,363	-	-	21,363
Modification of lease liabilities	(10,067)	-	-	(10,067)
Depreciation charges	(6,248)	(196)	(45)	(6,489)
At 31 December 2022	18,835	58	175	19,068

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****7. RIGHT-OF-USE ASSETS (CONT'D)**

	<----- Audited ----->			
	Vessels RM'000	Offices RM'000	Motor vehicle RM'000	Total RM'000
<i>Carrying amount</i>				
At 1 January 2023	18,835	58	175	19,068
Additions	11,674	1,797	-	13,471
Derecognition due to lease termination	(8,631)	-	-	(8,631)
Depreciation charges	(6,333)	(331)	(34)	(6,698)
At 30 September 2023	15,545	1,524	141	17,210

(a) The Group leases certain vessels, offices and motor vehicle of which the leasing activities are summarised below:-

- (i) Vessels The Group entered into 1 to 2 years non-cancellable Bareboat Charter Agreement.
- (ii) Offices The Group leases six office units for 1 to 2 years, with an option to renew the lease at the end of tenancy period.
- (iii) Motor vehicle The Group leases a motor vehicle under hire purchase arrangement. The lease is secured by the leased asset. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(b) The Group also has certain leases with lease terms of less than 12 months and lease of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
8. INVENTORIES

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Consumables	480	1,701	2,141	1,392
	<----- FYE 31 December ----->			<-- FPE 30 September -->
	2020	2021	2022	2022
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited
Recognised in profit or loss:- Inventories recognised in cost of sales	144	2,849	6,510	3,092

Consumables represent marine gas oil ("MGO").

9. TRADE RECEIVABLES

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Trade receivables	22,660	70,017	96,624	156,008
Allowance for impairment losses	-	(5,128)	(8,616)	(8,616)
	22,660	64,889	88,008	147,392
Allowance for impairment losses:				
At 1 January	-	-	(5,128)	(8,616)
Addition during the financial year/period (Note 23)	-	(5,128)	(4,307)	-
Written off during the financial year/period	-	-	819	-
At 31 December/30 September	-	(5,128)	(8,616)	(8,616)

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****9. TRADE RECEIVABLES (CONT'D)**

The Group's normal trade credit terms are as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 Days Audited	2021 Days Audited	2022 Days Audited	Days Audited
Credit terms	30 - 60	30 - 120	30 - 120	30 - 120

Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will receive payment when its customers received theirs.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Other receivables	1,716	313	25	-
Advances to suppliers	2,153	-	-	-
Deposits	8,238	250	327	546
Prepayments	232	1,965	383	1,224
	<u>12,339</u>	<u>2,528</u>	<u>735</u>	<u>1,770</u>

- (a) Included in other receivables at the end of FYE 31 December 2020 and FYE 31 December 2021 was a total amount of approximately RM1,710,000 and RM242,000 respectively, being charter income receivables from POET Shipbuilding & Engineering Pte. Ltd. ("POET"), as compensation on the late delivery of a vessel, namely Keyfield Falcon. The vessel was delivered on 13 February 2021 as disclosed in Note 36(c) to the consolidated financial statements.
- (b) Advances to suppliers represented payments made to third-party vessel suppliers for chartering services and purchase of vessel equipment.
- (c) Included in deposits at the end of FYE 31 December 2020 was an amount paid of USD1,950,000 (equivalent to approximately RM8,096,000), for the purchase of Keyfield Falcon for a total purchase consideration of USD14,500,000, as disclosed in Note 36(c) to the consolidated financial statements. The purchase of Keyfield Falcon had been subsequently completed and the vessel was delivered on 13 February 2021.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****11. FIXED DEPOSITS WITH LICENSED BANKS**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304

- (a) The fixed deposits with licensed banks of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 18(a)(vi), 18(a)(x) and 18(b)(iv) to the consolidated financial statements were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposits pledged	2,711	2,436	2,436	4,235

- (b) The fixed deposit with licensed bank of the Group which is restricted for use in relation to Term Loan IX, as disclosed in Note 18(a)(xi) to the consolidation financial statements was as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Fixed deposit restricted for use	-	3,743	3,804	3,069

- (c) The effective interest rates of the fixed deposits at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	%	%	%	%
	Audited	Audited	Audited	Audited
Effective interest rates	1.60 - 2.10	1.85 - 1.90	2.10 - 3.20	2.80 - 3.40

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****11. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)**

(d) The maturity periods of the fixed deposits were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 Month Audited	2021 Month Audited	2022 Month Audited	Month Audited
Maturity periods	3 - 12	3 - 12	3 - 12	3 - 12

12. SHARE CAPITAL

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 Audited	2021 Audited	2022 Audited	Audited
Ordinary Shares				
	Number Of Shares ('000)			
Issued and fully paid-up				
At 1 January	250,520	250,520	501,040	501,040
Share split	-	250,520	-	-
At 31 December/30 September	250,520	501,040	501,040	501,040
	RM'000	RM'000	RM'000	RM'000
Issued and fully paid-up	125,260	125,260	125,260	125,260

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.
- (b) On 28 February 2020, Keyfield Offshore had converted its entire 33,000,000 NCNRCPS amounted to RM33,000,000 into ordinary shares, as disclosed in Note 13 to the consolidated financial statements.
- (c) On 24 August 2020, Keyfield Offshore increased its issued and paid-up share capital by issuance of 14,750,000 new ordinary shares for a cash consideration of RM10,000,500.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****12. SHARE CAPITAL (CONT'D)**

- (d) On 30 November 2020, Keyfield was incorporated with a total paid-up share capital of RM2 comprising 2 ordinary shares.

Keyfield had undertaken the following internal reorganisation exercise as disclosed in Notes 36(d) and 36(e) to the consolidated financial statements:-

- (i) On 22 December 2020, Keyfield entered into first SSA to acquire 100% equity interests in Keyfield Marine and Keyfield Endeavour comprising 1 ordinary share each for a purchase consideration of RM1, respectively; and
- (ii) On 23 December 2020, Keyfield entered into second SSA to acquire 100% equity interests in Keyfield Offshore comprising 57,750,000 ordinary shares for a purchase consideration of RM89,999,999, which was settled by issuance of 179,999,998 new ordinary shares at an issue price of RM0.50 per ordinary shares in Keyfield.

The details of Keyfield's acquisition of equity interests in Keyfield Offshore are as follows:-

	Number of shares acquired (^{'000})	Purchase consideration RM ^{'000}
Shareholders (Note 31(b))	20,050	31,247
Directors (Note 31(b))	37,700	58,753
	<u>57,750</u>	<u>90,000</u>

Upon completion of the above acquisitions, the share capital of Keyfield had increased from RM2 comprising 2 ordinary shares to RM90,000,001 comprising 180,000,000 ordinary shares.

- (e) On 28 December 2020, Keyfield had further increased its issued and paid-up share capital by:-
- (i) Issuance of 41,000,000 new ordinary shares through capitalisation of debts owing to a shareholder amounted to RM20,500,000 as disclosed in Note 36(f) to the consolidated financial statements; and
- (ii) Issuance of 29,520,000 new ordinary shares through capitalisation of debts owing to a related party amounted to RM14,760,000 as disclosed in Note 36(g) to the consolidated financial statements.
- (f) On 27 December 2021, Keyfield subdivided its shares 250,520,000 ordinary shares to into 501,040,000 ordinary shares.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Keyfield.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
13. NCNRCPS

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	Audited	Audited	Audited	2023
				Audited
NCNRCPS				
	Number Of Shares ('000)			
At 1 January	33,000	-	-	-
Conversion of NCNRCPS into ordinary shares	(33,000)	-	-	-
At 31 December/30 September	-	-	-	-
	RM'000	RM'000	RM'000	RM'000
At 1 January	33,000	-	-	-
Conversion of NCNRCPS into ordinary shares	33,000	-	-	-
At 31 December/30 September	-	-	-	-

- (a) The NCNRCPS were converted into ordinary shares in Keyfield Offshore in FYE 31 December 2020 as disclosed in Note 12(b) to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****13. NCNRCPS (CONT'D)**

(b) The salient features of NCNRCPS were as follows:-

(i)	Tenure	No fixed tenure.
(ii)	Dividends	The NCNRCPS do not carry a right to receive any dividends.
(iii)	Conversion rights	The NCNRCPS shall be convertible, at the option of the holder, at any time during the conversion period, into such number of fully-paid Keyfield Offshore shares as is determined by dividing the issue price by the conversion price in effect at the time of conversion.
(iv)	Conversion price	RM1.00
(v)	Conversion period	At any time during the period commencing from the date of allotment and issuance of the NCNRCPS.
(vi)	Conversion mode	The conversion of the NCNRCPS will not require any cash payment from the NCNRCPS holders. The conversion price shall be satisfied by the NCNRCPS holders surrendering the requisite number of NCNRCPS for cancellation by the Issuer.
(vii)	Ranking of the NCNRCPS	The NCNRCPS shall rank pari passu amongst themselves.
(viii)	Ranking of new shares pursuant to the conversion of NCNRCPS	The new shares to be issued upon conversion of the NCNRCPS shall rank pari passu in all respects with the then existing Keyfield Offshore shares, except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the new shares.
(ix)	Rights of the NCNRCPS holders	The NCNRCPS shall not carry any right to vote at any general meeting of Keyfield Offshore.
(x)	Governing law	Malaysia.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
14. RESERVES

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Non-distributable:				
- Foreign exchange translation reserve (a)	(2,653)	113	-	-
Distributable:				
- Retained profits (b)	1,125	15,918	62,712	141,016
	<u>(1,528)</u>	<u>16,031</u>	<u>62,712</u>	<u>141,016</u>

(a) The foreign exchange translation reserve arose from the translation of the financial statements of a former subsidiary whose functional currency is different from the Group's presentation currency.

(b) The retained profits is net of reorganisation deficit arose from the acquisition of Keyfield Offshore, Keyfield Marine and Keyfield Endeavour in FYE 31 December 2020 as follows:-

	Keyfield Offshore RM'000	Keyfield Marine RM'000	Keyfield Endeavour RM'000	Total RM'000
Cost of investment	90,000	*	*	90,000
Less: Share capital of subsidiaries	<u>(53,001)</u>	<u>(99)</u>	<u>(*)</u>	<u>(53,100)</u>
Reorganisation deficit/(reserve)	<u>36,999</u>	<u>(99)</u>	<u>-</u>	<u>36,900[#]</u>

Notes:-

* - Represents RM1.

- The reorganisation deficit has been adjusted against retained earnings in FYE 31 December 2020.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****15. NON-CONTROLLING INTERESTS**

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interests %	<----- FYE 31 December ----->			FPE 30 September 2023
		2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Keyfield Endeavour (a)	10	-	3,354	4,380	5,274
Keyfield Geomarine (b)	49	-	37	(15)	(24)
		-	3,391	4,365	5,250

- (a) On 7 May 2021, Keyfield Endeavour allotted additional 29,999,999 shares, of which 26,999,998 shares subscribed by Keyfield, 1 share subscribed by Keyfield Offshore and 3,000,000 shares subscribed by a non-controlling interest. Following the allotment, the shareholding of Keyfield in Keyfield Endeavour was diluted to 90% as disclosed in Note 36(i) to the consolidated financial statements.
- (b) On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine, was incorporated. Keyfield subscribed for a total of 5,100 Ordinary shares in Keyfield Geomarine and 4,900 ordinary shares subscribed by a non-controlling interest as disclosed in Note 36(m) to the consolidated financial statements.
- (c) The summarised financial information of the non-controlling interest has not been presented as the non-controlling interests of the subsidiaries are not material to the Group.

16. CRNCPS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
At 1 January	-	-	15,563	140,341
Issuance of new shares	-	15,563	141,800	-
Accretion of interest on CRNCPS (Note 24)	-	-	2,260	2,004
Fair value gain on CRNCPS (Note 24)	-	-	(7,282)	-
Redemption during the financial year/period	-	-	(15,563)	-
Interest expense recognised in profit or loss (Note 24)	-	-	4,256	3,206
Repayment of interest expense	-	-	(693)	(4,275)
At 31 December/30 September	-	15,563	140,341	141,276

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****16. CRNCPS (CONT'D)**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Analysed by:-				
Current liabilities	-	-	3,563	2,494
Non-current liabilities	-	15,563	136,778	138,782
At 31 December/30 September	-	15,563	140,341	141,276

- (a) On 24 November 2021, Keyfield Offshore issued 15,562,500 3-year CRNCPS at RM1 per CRNCPS ("CRNCPS I") as disclosed in Note 36(o) to the consolidated financial statements.

The salient features of CRNCPS I are as follows:-

(i)	Tenure	Three years.
(ii)	Dividends	The CRNCPS carry a dividend of 5% per annum, payable on a monthly basis. The dividend rights are cumulative.
(iii)	Conversion rights	The CRNCPS are non-convertible.
(iv)	Ranking of the CRNCPS	The CRNCPS shall rank pari passu amongst themselves.
(v)	Ranking of new shares pursuant to the conversion of CRNCPS	No other preference shares shall be issued by Keyfield Offshore ranking prior to or equally with the CRNCPS nor the rights and privileges of the holders of such CRNCPS be altered.
(vi)	Rights of the CRNCPS holders	The CRNCPS shall not carry any right to vote at any general meeting of Keyfield Offshore.
(vii)	Governing law	Malaysia.

CRNCPS I had been fully redeemed for RM15,562,500 during FYE 31 December 2022.

- (b) On 18 February 2022, Keyfield issued 260,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(r) to the consolidated financial statements.
- (c) On 18 February 2022, Keyfield issued 50,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(t) to the consolidated financial statements.
- (d) On 18 February 2022, Keyfield issued 260,000,000 3-year CRNCPS at RM0.25 per CRNCPS as disclosed in Note 36(u)(i) to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****16. CRNCPS (CONT'D)**

- (e) The salient features of the CRNCPS referred to in Notes 16(b), (c) and (d) above are as follows:-
- | | | |
|-------|------------------------------|--|
| (i) | Tenure | Three years. |
| (ii) | Dividends | The CRNCPS carry a dividend of 3% per annum, payable on a monthly basis. The dividend rights are cumulative. |
| (iii) | Conversion rights | The CRNCPS are non-convertible. |
| (iv) | Ranking of the CRNCPS | The CRNCPS shall rank pari passu amongst themselves. |
| (v) | Rights of the CRNCPS holders | The CRNCPS shall not carry any right to vote at any general meeting of Keyfield. |
| (vi) | Governing law | Malaysia. |

17. LEASE LIABILITIES

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
At 1 January	-	130	14,207	18,937
Additions (Note 30(a))	150	16,059	21,363	13,471
Changes due to lease modification	-	-	(10,244)	-
Derecognition due to lease termination	-	-	-	(8,613)
Interest expense recognised in profit or loss (Note 24)	-	171	529	590
Repayment of principal	(20)	(1,982)	(6,389)	(6,461)
Repayment of interest expense	-	(171)	(529)	(590)
At 31 December/30 September	130	14,207	18,937	17,334

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****17. LEASE LIABILITIES (CONT'D)**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Analysed by:				
Current liabilities	42	5,405	10,897	10,927
Non-current liabilities	88	8,802	8,040	6,407
	<u>130</u>	<u>14,207</u>	<u>18,937</u>	<u>17,334</u>

(a) A lease liability of the Group is secured by the Group's motor vehicle under the hire purchase arrangement as disclosed in Note 7(a)(iii) to the consolidated financial statements, with lease term of 3 years.

(b) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	%	%	%	%
	Audited	Audited	Audited	Audited
Leases	4.22	3.00 - 4.75	3.72 - 4.88	4.88 - 5.89

18. BORROWINGS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Current liabilities:				
- term loans (a)	15,622	34,846	31,936	29,217
- revolving credits (b)	6,327	8,640	19,941	16,867
	<u>21,949</u>	<u>43,486</u>	<u>51,877</u>	<u>46,084</u>
Non-current liabilities:				
- term loans (a)	42,367	49,663	27,461	9,854
	<u>42,367</u>	<u>49,663</u>	<u>27,461</u>	<u>9,854</u>
	<u>64,316</u>	<u>93,149</u>	<u>79,338</u>	<u>55,938</u>

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****18. BORROWINGS (CONT'D)****(a) Term Loans**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Current liabilities	15,622	34,846	31,936	29,217
Non-current liabilities	42,367	49,663	27,461	9,854
	<u>57,989</u>	<u>84,509</u>	<u>59,397</u>	<u>39,071</u>

(i) The details of the term loans outstanding are summarised below:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
<u>Floating rate term loans</u>				
I	226	110	-	-
II	1,321	1,562	1,684	1,596
III	33	27	22	18
IV	18,750	11,875	4,375	-
V	-	41,915	28,210	21,762
VI	-	-	5,966	4,859
VII	-	-	3,657	2,977
VIII	-	-	-	3,000
	<u>20,330</u>	<u>55,489</u>	<u>43,914</u>	<u>34,212</u>
<u>Fixed rate term loans</u>				
IX	37,659	29,020	15,483	4,859
	<u>57,989</u>	<u>84,509</u>	<u>59,397</u>	<u>39,071</u>

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****18. BORROWINGS (CONT'D)****(a) Term Loans (Cont'd)**

(ii) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	%	%	%	2023
	Audited	Audited	Audited	Audited
<u>Floating rate term loans</u>				
I	7.45	7.45	-	-
II	3.41	3.41	4.41	4.66
III	3.41	3.41	4.41	4.66
IV	4.30	4.30	5.28	-
V	-	2.60	6.64	7.94
VI	-	-	6.42	7.17
VII	-	-	6.42	7.17
VIII	-	-	-	7.00
	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>	<u>5.20</u>
<u>Fixed rate term loans</u>				
IX	5.20	5.20	5.20	5.20

(iii) Term Loan I was:-

- repayable over 5 years by 60 monthly instalments of RM10,282 each commencing on May 2017;
- secured by 70% guarantee coverage by the Government of Malaysia amounting to RM350,000 and a joint and several guarantee by two of the directors of the Company; and
- fully repaid during FYE 31 December 2022.

(iv) Term Loan II is:-

- repayable over 25 years by 300 monthly instalments of RM9,632 each commencing on July 2022; and
- secured by a unit of property and a joint and several guarantee by two of the directors of the Company.

(v) Term Loan III is:-

- repayable over 10 years by 120 monthly instalments of RM452 each commencing on July 2022; and
- secured by a unit of property and a joint and several guarantee by two of the directors of the Company.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

18. BORROWINGS (CONT'D)

(a) Term Loans (Cont'd)

- (vi) Term Loan IV was:-
- repayable over 4 years by 48 monthly instalments of RM625,000 each commencing on August 2019;
 - secured by a corporate guarantee by a shareholder, a joint and several guarantee by two of the directors of the Company, a third party deed of covenant accompanying third party statutory legal mortgage over Laguna Setia 1 vessel and the Memorandum of Deposit over fixed deposits as disclosed in Note 11(a) to the consolidated financial statements; and
 - fully repaid during FPE 30 September 2023.
- (vii) Term Loan V is:-
- repayable over 3 years by 36 monthly instalments of RM806,000 each commencing on May 2021 and with a final instalment of RM15,314,000;
 - the facility is unsecured; and
 - obtained from Positive Boom Limited by Keyfield and utilised by Keyfield Endeavour to partially pay the purchase price of Keyfield Falcon vessel, as disclosed in Note 36(h) to the consolidated financial statements.
- (viii) Term Loan VI is:-
- repayable over 4 years by 48 monthly instalments of RM152,895 commencing on November 2022; and
 - secured by specific debenture over Keyfield Kindness vessel, corporate guarantee by the Company, a joint and several guarantee by two of the directors of the Company and guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP").
- (ix) Term Loan VII is:-
- repayable over 4 years by 48 monthly instalments of RM93,803 commencing on November 2022; and
 - secured by specific debenture over Keyfield Kindness vessel, corporate guarantee by the Company, a joint and several guarantee by two of the directors of the Company and guarantee from SJPP.
- (x) Term Loan VIII is:-
- repayable within 60 months commencing on March 2023;
 - secured by a facility agreement, an 80% guarantee coverage by SJPP under the Pemulih Government Guarantee Scheme ("PGGS") of RM8,000,000, a joint and several guarantee by two of the directors of the Company and Memorandum of Deposit and Letter of Set Off to be executed for Cash Collateral/Commodity Murabahah as disclosed in Note 11(a) to the consolidated financial statements; and
 - the facility shall be reinstated up to its approved limit of RM3,000,000 upon repayment of principal portion.
- (xi) Term Loan IX is:-
- repayable over 3 years by 33 monthly instalments of RM1,227,186 each commencing on May 2021;
 - secured by a corporate guarantee by a subsidiary, a joint and several guarantee by two of the directors of the Group and the First Preferred Mortgage on Laguna Setia 2 vessel financed by the term loan; and
 - imposed with a financial covenant that the subsidiary shall maintain the debt to equity ratio of not more than 4:1 at all times.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS (CONT'D)

(b) Revolving Credits

(i) The details of the revolving credits are summarised below:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2023 RM'000 Audited
<u>Floating rate revolving credits</u>				
I	3,005	3,005	2,655	2,655
II	3,322	4,896	17,286	14,212
III	-	739	-	-
	<u>6,327</u>	<u>8,640</u>	<u>19,941</u>	<u>16,867</u>

(ii) The effective interest rates at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 % Audited	2021 % Audited	2022 % Audited	2023 % Audited
<u>Floating rate revolving credits</u>				
I	3.80	3.80	4.78	5.16
II	4.30	4.30	5.28	5.66
III	-	4.23	-	-

12. ACCOUNTANTS' REPORT (*Cont'd*)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. BORROWINGS (CONT'D)

(b) Revolving Credits (*Cont'd*)

- (iii) Revolving credit I is secured by:-
 - a facility agreement;
 - a joint and several guarantee by two of the directors of the Company;
 - an 80% guarantee coverage by SJPP under the Government Guarantee Scheme - Prihatin ("GGS - Prihatin") of RM2,400,000; and
 - legal assignment of contract proceeds over the contract secured between borrower and lender to be channeled into a Designated Collection Account ("DCA") with the bank.
- (iv) Revolving credit II is secured by:-
 - a facility agreement;
 - a joint and several guarantee by two of the directors of the Company;
 - second mortgage over a vessel;
 - supplemental legal assignment of contract proceeds related to a vessel;
 - supplemental legal assignment of insurances related to a vessel;
 - legal assignment of contract proceeds over all contracts secured with Petronas or other oil majors or main contractors using the third party vessels to be channeled into the DCA with the bank. This assignment is only applicable to contracts that are submitted for utilisation of the revolving credit facility;
 - debenture over fixed and floating assets of a subsidiary; and
 - Memorandum of Deposit over existing fixed deposit or any product under RHB Asset Management Sdn. Bhd. pledged to the bank as disclosed in Note 11(a) to the consolidated financial statements.
- (v) Revolving credit III was secured by:-
 - a facility agreement;
 - blanket assignment over contract proceeds from contract awarder by a subsidiary;
 - a corporate guarantee by the Company;
 - a joint and several guarantee by two of the directors of the Company; and
 - a first party second legal charge over a unit of property of a subsidiary.
- (vi) Revolving credits I and II are secured by a negative pledge that imposes certain covenants on a subsidiary. The significant covenant of the revolving credits is that the subsidiary's gearing shall not exceed 1.5 times at all times.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
19. DEFERRED TAX LIABILITIES

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	7,954	14,836	29,634	59,757
	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
FYE 31 December 2020				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	4,039	-	3,915	7,954
	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
FYE 31 December 2021				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	7,954	-	6,882	14,836

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. DEFERRED TAX LIABILITIES (CONT'D)

	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 31 December RM'000
FYE 31 December 2022				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	14,836	35	14,763	29,634
	<----- Audited ----->			
	At 1 January RM'000	Acquisition of subsidiary (Note 28) RM'000	Recognised In Profit Or Loss (Note 25) RM'000	At 30 September RM'000
FPE 30 September 2023				
Deferred tax liabilities:				
- accelerated capital allowance on property, plant and equipment	29,634	-	30,123	59,757

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****20. TRADE PAYABLES**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Trade payables:				
- third parties	13,638	32,908	33,719	51,500
- related parties	-	1,015	-	-
	<u>13,638</u>	<u>33,923</u>	<u>33,719</u>	<u>51,500</u>

The normal trade credit terms granted to the Group are as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	Days	Days	Days	Days
	Audited	Audited	Audited	Audited
Credit terms	30 - 60	30 - 60	30 - 60	30 - 60

Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will make payment to the suppliers when its customers with corresponding back-to-back arrangement, made payment.

21. OTHER PAYABLES AND ACCRUALS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Other payables:				
- third parties	2,700	11,422	5,762	120,844
- a related party	1,493	-	-	-
- shareholders	5,021	4,165	-	-
	<u>9,214</u>	<u>15,587</u>	<u>5,762</u>	<u>120,844</u>
Accruals	937	3,302	2,906	3,157
Deposits received	-	2,224	670	383
Dividend payable	-	-	-	38
	<u>10,151</u>	<u>21,113</u>	<u>9,338</u>	<u>124,422</u>
Analysed by:-				
Current liabilities	10,151	12,907	7,338	29,958
Non-current liabilities	-	8,206	2,000	94,464
	<u>10,151</u>	<u>21,113</u>	<u>9,338</u>	<u>124,422</u>

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

21. OTHER PAYABLES AND ACCRUALS (CONT'D)

- (a) Included in other payables at the end of FYE 31 December 2020 was an amount of approximately RM1,669,000, outstanding on purchase of a vessel, Laguna Setia 2. The amount was fully repaid during FYE 31 December 2021.
- (b) Included in other payables at the end of FYE 31 December 2021 was an amount of approximately RM5,206,000, being loan granted by a third party bearing interest of 1-month USD LIBOR plus 2.50% per annum. The amount was fully repaid during FYE 31 December 2022.
- (c) Included in other payables at the end of FYE 31 December 2021 and FYE 31 December 2022 was an amount of USD500,000 (equivalent to approximately RM2,091,750), outstanding to POET in relation to purchases of vessel equipment, spare parts and lubricants on board Keyfield Compassion vessel.
- (d) The amounts owing to a related party and a shareholder at the end of FYE 31 December 2020 and FYE 31 December 2021 were unsecured, interest-free and repayable on demand. The amounts owing have been settled in cash during FYE 31 December 2021 and FYE 31 December 2022, respectively.
- (e) Included in the other payables at the end of FYE 31 December 2021 and FYE 31 December 2022 was an amount approximately RM3,098,000 and RM2,000,000, respectively outstanding to a shareholder of a subsidiary which is repayable within 17 months from the end of FYE 31 December 2021 (FYE 31 December 2022 - 17 months). Interest was charged at 5% per annum and was repayable on demand.
- (f) Included in the other payables at the end of FPE 30 September 2023 was an amount of approximately RM75,373,000, bearing interest of 5.50% per annum, outstanding to Azulite Bloom Sdn. Bhd. ("Azulite Bloom") in relation to purchase of a vessel, Blooming Wisdom as disclosed in Note 36(z) to the consolidated financial statements. The amount owing is secured by the respective vessel as disclosed in Note 5(f) to the consolidated financial statements.
- (g) Included in the other payables at the end of FPE 30 September 2023 was an amount of approximately RM43,109,000, bearing interest of 5.50% per annum, outstanding to Sea Steel Sdn. Bhd. ("Sea Steel") in relation to purchase of a vessel, Keyfield Helms 1 as disclosed in Note 36(aa) to the consolidated financial statements. The amount owing is secured by the respective vessel as disclosed in Note 5(f) to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. REVENUE

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Revenue from Contracts with Customers					
<u>Recognised over time</u>					
Rendering of offshore support services	75,231	139,756	236,204	168,601	310,918

The information about the performance obligations in contracts with customers is as below:-

Rendering of offshore support services

Revenue from providing services is recognised over time in the period in which the services are rendered.

23. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Allowance for impairment losses:					
- trade receivables (Note 9)	-	5,128	4,307	-	-
Bad debts written off:					
- other receivables	17	549	-	-	-
	17	5,677	4,307	-	-

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
24. PROFIT BEFORE TAXATION

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration:					
- current year	106	94	180	101	130
- overprovision in the previous financial year	-	(21)	-	-	-
Accretion of interest on CRNCPS	-	-	2,260	1,582	2,004
Depreciation:					
- property, plant and equipment	4,084	8,802	18,864	13,645	19,826
- investment property	26	-	16	8	23
- right-of-use assets	35	2,063	6,489	4,150	6,698
Direct operating expenses on income generating investment property	64	-	4	-	*
Directors' fee	-	118	272	203	220
Directors' non-fee emoluments	2,078	1,801	2,732	1,354	1,401

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****24. PROFIT BEFORE TAXATION (CONT'D)**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Lease expense:					
- short-term leases	90	69	-	-	20
- low-value assets	2	2	3	2	4
Loss on foreign exchange:					
- realised	*	264	1,161	331	174
- unrealised	696	115	-	469	75
Staff costs (including key management personnel as disclosed in Note 31(b)):					
- salaries and bonus	4,670	9,988	14,705	12,235	16,533
- defined contribution plan	286	301	585	493	839
- other benefits	75	200	474	346	552
Interest expense on lease liabilities	-	171	529	315	590
Other interest expenses:					
- bank overdraft	21	6	-	-	-
- term loans	1,214	3,040	3,302	2,350	2,366
- hire purchase payable	-	-	1	1	-
- factoring	118	-	-	-	-
- revolving credits	5	271	476	342	1,020
- CRNCPS	-	-	4,256	3,157	3,206
- shareholder of a subsidiary	-	98	138	112	78
- third parties	-	135	21	21	3,450
Gain on disposal:					
- property, plant and equipment	-	(3)	-	-	-
- investment property	(91)	-	-	-	-
Interest income	(60)	(118)	(107)	(85)	(307)
Lease income	(79)	-	(16)	-	(72)
Gain on foreign exchange:					
- realised	(2,450)	(329)	(320)	(306)	(137)
- unrealised	(236)	(39)	-	-	(154)
Dividend income					
- associate	-	-	(98)	-	-
(Gain)/Loss on lease modification	-	-	(177)	(177)	18
Gain on dissolution of a subsidiary	-	-	(499)	-	-
Fair value gain on CRNCPS	-	-	(7,282)	(7,282)	-

Note:-

* - Represents amount lesser than RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****25. INCOME TAX EXPENSE**

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Current tax expense	102	136	145	63	90
Under/(Over)provision in the previous financial year/period	-	*	252	252	(23)
	<u>102</u>	<u>136</u>	<u>397</u>	<u>315</u>	<u>67</u>
Deferred tax (Note 19):					
- origination and reversal of temporary differences	3,915	6,882	16,111	11,835	30,313
- overprovision in the previous financial year/period	-	-	(1,348)	-	(190)
	<u>3,915</u>	<u>6,882</u>	<u>14,763</u>	<u>11,835</u>	<u>30,123</u>
	<u>4,017</u>	<u>7,018</u>	<u>15,160</u>	<u>12,150</u>	<u>30,190</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	<----- FYE 31 December ----->			<- FPE 30 September ->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Profit before taxation	<u>17,533</u>	<u>25,025</u>	<u>65,011</u>	<u>48,909</u>	<u>114,427</u>
Tax at the statutory tax rate of 24%	4,208	6,006	15,603	11,738	27,462
Tax effects of:-					
Non-deductible expenses	225	1,333	647	1,056	3,147
Non-taxable income	(319)	(320)	-	(903)	(210)
Share of results in an associate	24	(1)	6	7	4
Differential in tax rates	(121)	-	-	-	-
Under/(Over)provision in the previous financial year/period:					-
- current tax	-	*	252	252	(23)
- deferred tax	-	-	(1,348)	-	(190)
Income tax expense for the financial year/period	<u>4,017</u>	<u>7,018</u>	<u>15,160</u>	<u>12,150</u>	<u>30,190</u>

Note:-

* - Represents amount lesser than RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****26. EARNINGS PER SHARE**

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Group for the financial year/period by the weighted average number of ordinary shares in issue during the financial year/period as follows:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020	2021	2022	2022	2023
	Audited	Audited	Audited	Unaudited	Audited
Profit after taxation (RM'000)	13,516	17,621	48,877	36,047	83,352
Weighted average number of ordinary shares in issue ('000):					
Ordinary shares at 1 January	250,520 [#]	250,520	501,040	501,040	501,040
Effect of share split [^]	250,520	250,520	-	-	-
Weighted average number of ordinary shares in issue ('000)	501,040	501,040	501,040	501,040	501,040
Basic earnings per ordinary share (Sen)	2.70	3.52	9.76	7.19	16.64

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares as at the end of the financial year/period.

Notes:-

[^] The comparative figure for the weighted average number of ordinary shares in issue has been restated to reflect the adjustment arising from share split, which was completed on 27 December 2021.

[#] The Company increased its issued and paid-up share capital from RM2 to RM90,000,001 comprising of 180,000,000 ordinary shares during FYE 31 December 2020, following internal reorganisation exercise as disclosed in Note 12(d) to the consolidated financial statements.

The number of ordinary shares used for the calculation of earnings per share in a common control combination which is accounted for under reorganization scheme, is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. DIVIDENDS**

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Interim dividend on ordinary shares:-					
In respect of the financial year ended 31 December 2020	500*	-	-	-	-
In respect of the financial year ended 31 December 2021	-	-	2,004	2,004	-
In respect of the financial year ended 31 December 2022	-	-	-	-	5,010
Annual dividend on CRCPS:-					
In respect of the financial year ended 31 December 2021	-	-	29	-	-
In respect of the financial year ended 31 December 2022	-	-	50	-	-
In respect of the financial period ended 30 September 2023	-	-	-	-	38
	<u>-</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>38</u>

Note:-

- * - The dividend was declared by Keyfield Offshore on 31 August 2020, which was prior to the incorporation of Keyfield on 30 November 2020. The dividend was paid on 23 December 2020 by Keyfield Offshore.

Subsequent to the end of FPE 30 September 2023, Keyfield has declared a final dividend of RM0.03 per ordinary share amounted to RM15,031,200 in respect of the financial year ended 31 December 2023, paid on 22 February 2024.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****27. DIVIDENDS (CONT'D)**

Save for the following banking restrictive covenants which the following subsidiaries are subject to, there are no legal, financial, or economic restriction on the ability of the subsidiaries to transfer funds to Keyfield in the form of cash dividends, loans or advances as at the date of this report:-

- (i) Prior written consents from certain financial institutions for Keyfield Offshore to declare dividends to Keyfield; and
- (ii) Prior written consent from a certain financial institution for Keyfield Marine to declare dividends to Keyfield.

There is no debt covenant ratio which Keyfield or its subsidiaries needs to adhere to prior to declaring any dividends.

28. ACQUISITION OF A SUBSIDIARY

On 18 February 2022, Keyfield acquired 100% equity interests in Keyfield Resolute as disclosed in Note 36(t) to the consolidated financial statements.

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:-

	FYE 31 December 2022 RM'000 Audited	FPE 30 September 2022 RM'000 Unaudited
Property, plant and equipment (Note 5)	77,855	77,855
Amount owing by a related company	1,405	1,405
Bank balance	448	448
Deferred tax liability (Note 19)	(35)	(35)
Other payables and accruals	(2,092)	(2,092)
Amount owing to a shareholder (Note 30 (b))	(65,781)	(65,781)
Net identifiable assets acquired	11,800	11,800
Total purchase consideration, settled by issuance of CRNCPS (Note 30(b))	(11,800)	(11,800)
Add: Cash and bank balances of a subsidiary acquired	448	448
Net cash inflow from the acquisition of a subsidiary	448	448

Pursuant to Paragraph 2(b) of MFRS 3 - Business Combinations, in the event of acquisition of an asset or group of assets that does not constitute a business, the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in MFRS 138 - Intangible Assets) and liabilities assumed.

The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 - Business Combinations does not apply. No goodwill or bargain purchase is recognised. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values as at the date of purchase.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****28. ACQUISITION OF A SUBSIDIARY (CONT'D)**

Accordingly, the allocation of the purchase consideration to the assets and liabilities of the subsidiary in respect of the acquisition as at the acquisition date are summarised in the table below:-

	FYE 31 December 2022 RM'000 Audited	FPE 30 September 2022 RM'000 Unaudited
Purchase consideration	11,800	11,800
Net liabilities as at acquisition date	58	58
Allocation of excess of purchase consideration to the property, plant and equipment	11,858	11,858

The excess of purchase consideration is wholly allocated to property, plant and equipment considering that the carrying value accounted for approximately 97% of the total assets of the subsidiary.

29. DISSOLUTION OF A SUBSIDIARY

On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore, has been struck off pursuant to Section 151(4) of the Labuan Companies Act 1990. As a result, the Group has accounted this subsidiary as deemed disposed and has deconsolidated the results of this subsidiary from the Group. The financial effects arising from this deemed disposal are summarised below:-

	FYE 31 December 2022 RM'000 Audited
Carrying amount of net liabilities	(120)
Amount owing to a related company	628
Cost of investment	(430)
Foreign exchange translation reserve	79
Realised profit on disposal of a vessel, upon dissolution	342
Gain on dissolution of a subsidiary	499

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use asset is as follows:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Property, plant and equipment					
Cost	74,285	81,324	78,384	76,769	159,457
Less: Payment made by a related party (Note 30(b))	(15,986)	(4,153)	-	-	-
Less: Trade payables	(1,669)	-	(955)	(300)	-
Less: Other payables	-	-	(81)	(4)	(121)
Less: Prepayments made in the previous financial year/period	-	(8,096)	(259)	(259)	-
Less: Addition through term loan (Note 30(b))	-	(44,330)	-	-	-
Less: Addition through hire purchase arrangement	-	-	(300)	(300)	-
Less: Addition through instalment arrangement (Note 30(b))	-	-	-	-	(130,000)
Less: Addition through issuance of CRNCPS (Note 30(b))	-	-	(65,000)	(65,000)	-
Add: Payment in respect of previous financial year's/ period's purchases	-	1,669	-	-	1,036
	<u>56,630</u>	<u>26,414</u>	<u>11,789</u>	<u>10,906</u>	<u>30,372</u>
Right-of-use assets					
Cost	300	16,059	21,363	11,974	13,471
Less: Addition of new lease liabilities (Notes 17 and 30(b))	(150)	(16,059)	(21,363)	(11,974)	(13,471)
	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	<----- Audited ----->				
	Term Loans RM'000	Lease Liability RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Total RM'000
FYE 31 December 2020					
At 1 January	29,422	-	-	-	29,422
<u>Changes in Financing Cash Flows</u>					
Advances (Note 31(b))	-	-	-	58,846	58,846
Settlement of promissory note (Note 31(b))	-	-	-	(31,553)	(31,553)
Proceeds from drawdown	38,349	-	6,327	-	44,676
Repayment of principal	(9,782)	(20)	-	-	(9,802)
Repayment of interests	(1,214)	-	(5)	-	(1,219)
Foreign exchange gain (realised)	-	-	-	(1,584)	(1,584)
	27,353	(20)	6,322	25,709	59,364
<u>Other Changes</u>					
Addition of new lease (Notes 17 and 30(a))	-	150	-	-	150
Capitalisation of debt into ordinary shares (Note 31(b))	-	-	-	(20,500)	(20,500)
Interest expense recognised in profit or loss (Note 24)	1,214	-	5	-	1,219
Foreign exchange gain (unrealised)	-	-	-	(188)	(188)
	1,214	150	5	(20,688)	(19,319)
At 31 December	57,989	130	6,327	5,021	69,467

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FYE 31 December 2021								
At 1 January	57,989	130	6,327	5,021	-	-	-	69,467
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Advances	-	-	-	-	6,000	-	-	6,000
Proceeds from drawdown	259	-	10,412	-	-	5,060	-	15,731
Proceeds from issuance of CRNCPS (Note 16)	-	-	-	-	-	-	15,563	15,563
Repayment of principal	(18,069)	(1,982)	(8,099)	(5,021)	-	-	-	(33,171)
Repayment of interests	(3,040)	(171)	(271)	-	-	(135)	-	(3,617)
	(20,850)	(2,153)	2,042	(5,021)	6,000	4,925	15,563	506
Balance carried forward	37,139	(2,023)	8,369	-	6,000	4,925	15,563	69,973

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FYE 31 December 2021								
Balance brought forward	37,139	(2,023)	8,369	-	6,000	4,925	15,563	69,973
<u>Other Changes</u>								
Addition of new leases (Notes 17 and 30(a))	-	16,059	-	-	-	-	-	16,059
Acquisition of property, plant and equipment by a subsidiary (Note 30(a))	44,330	-	-	4,153	-	-	-	48,483
Capitalisation of debts into:								
- ordinary shares	-	-	-	-	(500)	-	-	(500)
- CCPS	-	-	-	-	(2,500)	-	-	(2,500)
Interest expense recognised in profit or loss (Note 24)	3,040	171	271	-	98	135	-	3,715
Foreign exchange gain (unrealised)	-	-	-	12	-	146	-	158
	47,370	16,230	271	4,165	(2,902)	281	-	65,415
At 31 December	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FYE 31 December 2022								
At 1 January	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388
<u>Changes in Financing Cash Flows</u>								
Proceeds from drawdown	10,116	-	25,669	-	-	-	-	35,785
Redemption of CRNCPS (Note 16)	-	-	-	-	-	-	(15,563)	(15,563)
Repayment of principal	(35,228)	(6,389)	(14,368)	(4,946)	(1,000)	(5,206)	-	(67,137)
Repayment of interests	(1,976)	(529)	(476)	-	(236)	(21)	(693)	(3,931)
	(27,088)	(6,918)	10,825	(4,946)	(1,236)	(5,227)	(16,256)	(50,846)
Balance carried forward	57,421	7,289	19,465	(781)	1,862	(21)	(693)	84,542

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FYE 31 December 2022								
Balance brought forward	57,421	7,289	19,465	(781)	1,862	(21)	(693)	84,542
<u>Other Changes</u>								
Acquisition of a subsidiary through issuance of CRNCPS (Note 28)	-	-	-	65,781	-	-	11,800	77,581
Capitalisation of debt owing by a subsidiary into CRNCPS (Note 31(b))	-	-	-	(65,000)	-	-	65,000	-
Acquisition of property, plant and equipment through issuance of CRNCPS (Note 30(a))	-	-	-	-	-	-	65,000	65,000
Accretion of interest on CRNCPS (Notes 16 and 24)	-	-	-	-	-	-	2,260	2,260
Addition of new leases (Notes 17 and 30(a))	-	21,363	-	-	-	-	-	21,363
	-	21,363	-	781	-	-	144,060	166,204
Balance carried forward	57,421	28,652	19,465	-	1,862	(21)	143,367	250,746

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FYE 31 December 2022								
Balance brought forward	57,421	28,652	19,465	-	1,862	(21)	143,367	250,746
<u>Other Changes (Cont'd)</u>								
Changes due to lease modification (Note 17)	-	(10,244)	-	-	-	-	-	(10,244)
Fair value gain on CRNCPS (Notes 16 and 24)	-	-	-	-	-	-	(7,282)	(7,282)
Interest expenses recognised in profit or loss (Note 24)	3,302	529	476	-	138	21	4,256	8,722
Other payables	(1,326)	-	-	-	-	-	-	(1,326)
	1,976	(9,715)	476	-	138	21	(3,026)	(10,130)
At 31 December	59,397	18,937	19,941	-	2,000	-	140,341	240,616

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FPE 30 September 2022								
At 1 January	84,509	14,207	8,640	4,165	3,098	5,206	15,563	135,388
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Proceeds from drawdown	10,116	-	14,882	-	-	-	-	24,998
Redemption of CRNCPS	-	-	-	-	-	-	(10,000)	(10,000)
Repayment of principal	(18,997)	(3,820)	(12,368)	(446)	-	(5,206)	-	(40,837)
Repayment of interests	(2,350)	(267)	(342)	-	-	(21)	(663)	(3,643)
	(11,231)	(4,087)	2,172	(446)	-	(5,227)	(10,663)	(29,482)
Balance carried forward	73,278	10,120	10,812	3,719	3,098	(21)	4,900	105,906

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FPE 30 September 2022								
Balance brought forward	73,278	10,120	10,812	3,719	3,098	(21)	4,900	105,906
<u>Other Changes</u>								
Acquisition of a subsidiary through issuance of CRNCPS (Note 28)	-	-	-	65,781	-	-	11,800	77,581
Capitalisation of debt owing by a subsidiary into CRNCPS (Note 31(b))	-	-	-	(65,000)	-	-	65,000	-
Acquisition of property, plant and equipment through issuance of CRNCPS (Note 30(a))	-	-	-	-	-	-	65,000	65,000
Accretion of interest on CRNCPS (Note 24)	-	-	-	-	-	-	1,582	1,582
Addition of new leases (Note 30(a))	-	11,974	-	-	-	-	-	11,974
	-	11,974	-	781	-	-	143,382	156,137
Balance carried forward	73,278	22,094	10,812	4,500	3,098	(21)	148,282	262,043

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Unaudited ----->							
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to a Shareholder RM'000	Other Payable (Shareholder of a Subsidiary) RM'000	Other Payable RM'000	CRNCPS RM'000	Total RM'000
FPE 30 September 2022								
Balance brought forward	73,278	22,094	10,812	4,500	3,098	(21)	148,282	262,043
<u>Other Changes (Cont'd)</u>								
Changes due to lease modification	-	(10,244)	-	-	-	-	-	(10,244)
Fair value gain on CRNCPS (Note 24)	-	-	-	-	-	-	(7,282)	(7,282)
Interest expenses recognised in profit or loss (Note 24)	2,350	315	342	-	112	21	3,157	6,297
Foreign exchange loss (unrealised)	-	-	-	469	-	-	-	469
	2,350	(9,929)	342	469	112	21	(4,125)	(10,760)
At 30 September	75,628	12,165	11,154	4,969	3,210	-	144,157	251,283

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	----- Audited ----->						
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Audited Other Payable (Shareholder of a Subsidiary) RM'000	Other Payables RM'000	CRNCPS RM'000	Total RM'000
FPE 30 September 2023	59,397	18,937	19,941	2,000	-	140,341	240,616
At 1 January							
<u>Changes in Financing</u>							
<u>Cash Flows</u>							
Proceeds from drawdown	3,000	-	25,333	-	-	-	28,333
Repayment of principal	(23,326)	(6,461)	(28,407)	(2,000)	(11,518)	-	(71,712)
Repayment of interests	(2,366)	(590)	(1,020)	(78)	(3,450)	(4,275)	(11,779)
	(22,692)	(7,051)	(4,094)	(2,078)	(14,968)	(4,275)	(55,158)
Balance carried forward	36,705	11,886	15,847	(78)	(14,968)	136,066	185,458

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	<----- Audited ----->						
	Term Loans RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	Audited Other Payable (Shareholder of a Subsidiary) RM'000	Other Payables RM'000	CRNCPS RM'000	Total RM'000
FPE 30 September 2023							
Balance brought forward	36,705	11,886	15,847	(78)	(14,968)	136,066	185,458
<u>Other Changes (Cont'd)</u>							
Addition of new leases (Notes 17 and 30(a))	-	13,471	-	-	-	-	13,471
Derecognition due to lease termination (Note 17)	-	(8,613)	-	-	-	-	(8,613)
Acquisition of property, plant and equipment through instalment arrangement (Note 30(a))	-	-	-	-	130,000	-	130,000
Accretion of interest on CRNCPS (Notes 16 and 24)	-	-	-	-	-	2,004	2,004
Interest expenses recognised in profit or loss (Note 24)	2,366	590	1,020	78	3,450	3,206	10,710
	2,366	5,448	1,020	78	133,450	5,210	147,572
At 30 September	39,071	17,334	16,867	-	118,482	141,276	333,030

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Fixed deposits with licensed banks	2,711	6,179	6,240	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	11,246	36,668
	<u>22,887</u>	<u>20,835</u>	<u>23,264</u>	<u>17,486</u>	<u>43,972</u>
Less: Fixed deposits pledged to licensed banks (Note 11(a))	(2,711)	(2,436)	(2,436)	(2,436)	(4,235)
Less: Fixed deposit restricted for use (Note 11(b))	-	(3,743)	(3,804)	(3,804)	(3,069)
	<u>20,176</u>	<u>14,656</u>	<u>17,024</u>	<u>11,246</u>	<u>36,668</u>

31. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries as disclosed in Note 1 to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
31. RELATED PARTY DISCLOSURES (CONT'D)
(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	As at 31 December			As at 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
An Associate					
Advances from an associate	230	-	-	-	-
Payment made for an associate	176	2	-	-	-
Dividend received from an associate	-	-	98	98	-
Related Parties					
Capitalisation of debt owing to a related party by Keyfield Marine into ordinary shares in Keyfield	14,760	-	-	-	-
Novation of a Shipbuilding Contract from a related party [#]	70,984	-	-	-	-
Shareholders					
Advances from a shareholder	58,846	-	-	-	-
Payment made by a shareholder	-	4,153	-	-	-
Capitalisation of debt owing to a shareholder by Keyfield Offshore into ordinary shares in Keyfield	20,500	-	-	-	-
Issuance of ordinary shares in Keyfield Offshore to a shareholder	10,001	-	-	-	-
Capitalisation of debt owing to a shareholder by Keyfield Resolute, into CRNCPS in Keyfield	-	-	65,000	65,000	-

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

	As at 31 December			As at 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Shareholders (Cont'd)					
Settlement of promissory note to a shareholder	31,553	-	-	-	-
Dividend on ordinary shares to shareholders	174	-	1,068	1,068	2,669
Acquisition of interests in Keyfield Offshore (Note 12(d)(ii))	31,247	-	-	-	-
Acquisition of interests in Keyfield Resolute from a shareholder through issuance of CRNCPS [^]	-	-	11,800	11,800	-
Interest charged on CRNCPS	-	-	1,949	2,494	1,744
Directors					
Advances from directors	205	-	-	-	-
Dividend on ordinary shares to directors	326	-	936	936	2,341
Payment made by directors	39	-	-	-	-
Conversion of NCNRCPS into ordinary shares in Keyfield Offshore by a director	33,000	-	-	-	-
Acquisition of interests in Keyfield Offshore (Note 12(d)(ii))	58,753	-	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

	As at 31 December			As at 30 September	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Other Key Management Personnel					
Salaries and bonuses	683	830	1,661	890	791
Defined contribution plan	55	95	176	93	87
Other benefits	10	3	5	3	3
Transaction with Keyfield Resolute prior to Acquisition of Keyfield Resolute by Keyfield					
Payment made for Keyfield Resolute by Keyfield Offshore*	-	2,289	-	-	-
Chartering of vessel from Keyfield Resolute by Keyfield Offshore*	-	3,751	390	390	-
Other Parties					
Rental of office units [@]	-	-	-	-	399

Notes:-

- # - This was in relation to a Novation Agreement of a Shipbuilding Contract for Laguna Setia 2 of USD17,000,000, novated from Wisdom Creator Limited ("WCL") to Keyfield Marine. As of the date of the Novation Agreement, on 19 August 2020, the total amount paid by WCL was amounted to approximately USD3,831,000 (equivalent to approximately RM15,986,000). In addition, Keyfield Offshore has paid on behalf of Keyfield Marine, a total amount of approximately USD8,204,000 (equivalent to approximately RM34,398,000) which has been eliminated at the Group level.
- * - This was in relation to the transactions by Keyfield Offshore with Keyfield Resolute while Keyfield Resolute was still a subsidiary of Lavin.
- ^ - This was in relation to issuance of CRNCPS for total nominal value of RM12,500,000 to Lavin, as disclosed in Note 36(t) to the consolidation financial statements. The cost of investment was recognised at approximately RM11,800,000 after fair value adjustment amounted to approximately RM700,000.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

Notes (Cont'd):-

- @ - This was in relation to the transactions by Keyfield Offshore for rental of office units with 10 Tower Sdn. Bhd. and Helix Management Sdn. Bhd.. London Bridge Property Management Sdn. Bhd. has rented office units to 10 Tower Sdn. Bhd. and Helix Management Sdn. Bhd., which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn. Bhd.. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin, a substantial shareholder of Keyfield. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

32. SEGMENTAL REPORTING**32.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION**

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

32.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	<----- FYE 31 December ----->			<-- FPE 30 September -->	
	2020	2021	2022	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Unaudited	Audited
Customer #1	21,023	39,233	86,870	62,047	179,537
Customer #2	-	-	30,766	23,681	*
Customer #3	8,077	20,308	26,782	21,302	*
Customer #4	-	*	20,326	*	*
Customer #5	-	-	13,274	*	*
Customer #6	-	17,735	-	-	-
Customer #7	10,045	*	-	-	-
Customer #8	14,052	*	*	*	*
Customer #9	11,020	-	-	-	-

Note:-

- * - Represents amount less than 10% of the Group's total revenue

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****33. CAPITAL COMMITMENTS**

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Property and equipment:				
- capital work-in-progress	388	129	-	-
- vessel	50,413*	-	-	-
- vessel equipment	-	-	-	1,133
	<u>50,801</u>	<u>129</u>	<u>-</u>	<u>1,133</u>

- * - Represents the remaining purchase consideration of Keyfield Falcon amounting to USD12,550,000 (equivalent to approximately RM50,413,000). As at the end of FYE 31 December 2020, the Group has paid a total deposit amounted to USD1,950,000 (equivalent to approximately RM8,096,000) out of the total consideration of USD14,500,000, as disclosed in Note 10(c) to the consolidated financial statements.

34. FOREIGN EXCHANGE RATE

The Group's principal closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period were as follows:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	Audited	Audited	Audited	Audited
United States Dollar	4.0170	4.1650	4.3900	4.6920
Singapore Dollar	3.0396	3.0853	3.2740	3.4439
Chinese Yuan	-	0.6547	-	-
British Pound	-	-	5.2926	-
Euro	-	-	4.6846	-

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS**

The activities of the Group are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Foreign Currency Exposure

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	<----- Audited ----->		
	United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
FYE 31 December 2020			
<u>Financial Assets</u>			
Cash and bank balances	2,577	4	2,581
Other receivables	1,710	-	1,710
	4,287	4	4,291
<u>Financial Liability</u>			
Other payables	(6,226)	-	(6,226)
Net financial (liabilities)/ assets denominated in foreign currencies	(1,939)	4	(1,935)

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	<----- Audited ----->			
	United States Dollar RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Total RM'000
FYE 31 December 2021				
<u>Financial Assets</u>				
Trade receivables	3,353	-	-	3,353
Other receivables	242	-	-	242
Cash and bank balances	2,043	106	-	2,149
	5,638	106	-	5,744
<u>Financial Liabilities</u>				
Trade payables	(685)	(4)	(156)	(845)
Other payables	(10,263)	-	-	(10,263)
Lease liabilities	(13,874)	-	-	(13,874)
	(24,822)	(4)	(156)	(24,982)
Net financial (liabilities)/assets denominated in foreign currencies	(19,184)	102	(156)	(19,238)

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	----- Audited ----->				
	United States Dollar RM'000	Singapore Dollar RM'000	British Pound RM'000	Euro RM'000	Total RM'000
FYE 31 December 2022					
<u>Financial Assets</u>					
Trade receivables	1,940	-	-	-	1,940
Cash and bank balances	86	47	-	-	133
	2,026	47	-	-	2,073
<u>Financial Liabilities</u>					
Trade payables	(259)	(37)	-	(28)	(324)
Other payables	(2,157)	(17)	(1)	-	(2,175)
	(2,416)	(54)	(1)	(28)	(2,499)
Net financial liabilities denominated in foreign currencies	(390)	(7)	(1)	(28)	(426)

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)***FYE 30 September 2023**Financial Assets

Trade receivables

Cash and bank balances

Financial Liability

Trade payables

Net financial assets/(liabilities)
denominated in foreign currencies

<----- Audited ----->		
United States Dollar RM'000	Singapore Dollar RM'000	Total RM'000
530	-	530
429	46	475
959	46	1,005
(210)	(820)	(1,030)
749	(774)	(25)

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting year/period, with all other variables held constant:-

	<----- FYE 31 December ----->			FPE 30 September
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2023 RM'000 Audited
Effects on Profit After Taxation/Other Comprehensive Income				
USD/RM:				
- strengthened by 5%	(74)	(729)	(15)	28
- weakened by 5%	74	729	15	(28)
SGD/RM:				
- strengthened by 5%	*	4	*	(29)
- weakened by 5%	*	(4)	*	29
RMB/RM:				
- strengthened by 5%	-	(6)	-	-
- weakened by 5%	-	6	-	-

Note:-

* - Represents amount lesser than RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Risk Sensitivity Analysis (Cont'd)*

	<----- FYE 31 December ----->			FPE 30 September
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	2023 RM'000 Audited
Effects on Profit After Taxation/Other Comprehensive Income				
EUR/RM:				
- strengthened by 5%	-	-	(1)	-
- weakened by 5%	-	-	1	-
GBP/RM:				
- strengthened by 5%	-	-	*	-
- weakened by 5%	-	-	*	-

Note:-

* - Represents amount lesser than RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group is not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk are summarised below:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	RM'000
				Audited
Floating rate instruments				
Other payables (interest-bearing)	-	5,206	-	-
Term loans	20,330	55,489	43,914	34,212
Revolving credits	6,327	8,640	19,941	16,867
	<u>26,657</u>	<u>69,335</u>	<u>63,855</u>	<u>51,079</u>

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk (Cont'd)***Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
Effects on Profit After Taxation/Other Comprehensive Income				
Increase of 100 basis points	(203)	(527)	(485)	(388)
Decrease of 100 basis points	203	527	485	388
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(iii) Equity Price Risk				

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by customers of its trade receivables at the end of the reporting period as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	Audited	Audited	Audited	Audited
Number of customers	3	4	2	2
Percentage of trade receivable (%)	72.06	72.73	58.78	69.14

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group uses a more lagging past due criterion for a certain trade receivables when it is more appropriate to reflect their loss patterns.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year/period.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables (Cont'd)*Allowance for Impairment Losses*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
FYE 31 December 2020				
Trade receivables with credit terms:				
- current (not past due)	6,976	-	-	6,976
- 1 to 30 days past due	3,924	-	-	3,924
- 31 to 60 days past due	2,195	-	-	2,195
- 61 to 90 days past due	379	-	-	379
- more than 90 days past due	1,174	-	-	1,174
	14,648	-	-	14,648
Trade receivables without credit terms*	8,012	-	-	8,012
	22,660	-	-	22,660

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables (Cont'd)Allowance for Impairment Losses (Cont'd)

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
FYE 31 December 2021				
Trade receivables with credit terms:				
- current (not past due)	22,440	-	-	22,440
- 1 to 30 day past due	6,937	-	-	6,937
- 31 to 60 day past due	11,639	-	-	11,639
- 61 to 90 days past due	6,475	(736)	-	5,739
- more than 90 days past due	12,626	(4,392)	-	8,234
	60,117	(5,128)	-	54,989
Trade receivables without credit terms*	9,900	-	-	9,900
	70,017	(5,128)	-	64,889

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables (Cont'd)Allowance for Impairment Losses (Cont'd)

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
FYE 31 December 2022				
Trade receivables with credit terms:				
- current (not past due)	14,263	-	-	14,263
- 1 to 30 days past due	20,030	-	-	20,030
- 31 to 60 days past due	13,961	-	-	13,961
- 61 to 90 days past due	15,437	-	-	15,437
- more than 90 days past due	21,921	(8,616)	-	13,305
	85,612	(8,616)	-	76,996
Trade receivables without credit terms*	11,012	-	-	11,012
	96,624	(8,616)	-	88,008

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables (Cont'd)Allowance for Impairment Losses (Cont'd)

	<----- Audited ----->			
	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
FPE 30 September 2023				
Trade receivables with credit terms:				
- current (not past due)	82,148	-	-	82,148
- 1 to 30 days past due	13,907	-	-	13,907
- 31 to 60 days past due	17,172	-	-	17,172
- 61 to 90 days past due	4,918	-	-	4,918
- more than 90 days past due	14,555	(8,616)	-	5,939
	132,700	(8,616)	-	124,084
Trade receivables without credit terms*	23,308	-	-	23,308
	156,008	(8,616)	-	147,392

* - The Group's normal trade credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis which include back-to-back arrangement i.e. the Group will receive payment when its customers received theirs.

The movements in the loss allowances in respect of trade receivables is disclosed in Note 9 to the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

		<----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
FYE 31 December 2020						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	13,638	13,638	13,638	-	-
Other payables	-	9,214	9,214	9,214	-	-
Lease liability	4.22	130	141	53	88	-
Term loans	3.41 - 7.45	57,989	63,742	18,040	43,497	2,205
Revolving credits	3.80 - 4.30	6,327	6,327	6,327	-	-
		87,298	93,062	47,272	43,585	2,205

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

		----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
FYE 31 December 2021						
<u>Non-derivative Financial Liabilities</u>						
CRNCPS	5.00	15,563	17,832	778	17,054	-
Trade payables	-	33,923	33,923	33,923	-	-
Other payables (non-interest bearing)	-	7,283	7,283	7,283	-	-
Other payables (interest-bearing)	2.60 - 5.00	8,304	8,650	383	8,267	-
Lease liabilities	3.00 - 4.75	14,207	14,797	5,769	9,028	-
Term loans	2.60 - 7.45	84,509	92,637	33,440	53,684	5,513
Revolving credits	3.80 - 4.30	8,640	8,640	8,640	-	-
		172,429	183,762	90,216	88,033	5,513

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

		<----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
FYE 31 December 2022						
Non-derivative Financial						
Liabilities						
CRNCPS	3.00	140,341	155,325	7,859	147,466	-
Trade payables	-	33,719	33,719	33,719	-	-
Other payables	5.00	5,762	5,896	3,863	2,033	-
Lease liabilities	3.72 - 4.88	18,937	19,775	11,589	8,186	-
Term loans	4.41 - 6.64	59,397	67,620	34,681	27,430	5,509
Revolving credits	4.78 - 5.28	19,941	19,941	19,941	-	-
		278,097	302,276	111,652	185,115	5,509

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

		<----- Audited ----->				
	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
FYE 30 September 2023						
<u>Non-derivative Financial Liabilities</u>						
CRNCPS	3.00	141,276	151,050	6,769	144,281	-
Trade payables	-	51,500	51,500	51,500	-	-
Other payables (non-interest bearing)	-	2,362	2,362	2,362	-	-
Other payables (interest-bearing)	5.50	118,482	130,456	29,937	100,519	-
Lease liabilities	4.88 - 5.89	17,334	18,264	11,620	6,644	-
Term loans	4.66 - 7.94	39,071	46,270	30,933	9,893	5,444
Revolving credits	5.16 - 5.66	16,867	16,867	16,867	-	-
Dividend payable	-	38	38	38	-	-
		386,930	416,807	150,026	261,337	5,444

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, other payables with interest-bearing, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	RM'000
	Audited	Audited	Audited	Audited
CRNCPS	-	15,563	140,341	141,276
Other payables (interest-bearing)	-	8,304	2,000	118,482
Lease liabilities	130	14,207	18,937	17,334
Term loans	57,989	84,509	59,397	39,071
Revolving credits	6,327	8,640	19,941	16,867
	64,446	131,223	240,616	333,030
Less: Fixed deposits with licensed banks	(2,711)	(6,179)	(6,240)	(7,304)
Less: Cash and bank balances	(20,176)	(14,656)	(17,024)	(36,668)
Net debts	41,559	110,388	217,352	289,058
Total equity	123,732	144,682	192,337	271,526
Debt-to-equity ratio	0.34	0.76	1.13	1.06

12. ACCOUNTANTS' REPORT (Cont'd)
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
35. FINANCIAL INSTRUMENTS (CONT'D)
35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<----- FYE 31 December ----->			FPE 30 September 2023
	2020 RM'000 Audited	2021 RM'000 Audited	2022 RM'000 Audited	RM'000 Audited
Financial Assets				
<u>Amortised Cost</u>				
Trade receivables	22,660	64,889	88,008	147,392
Other receivables	1,716	313	25	-
Fixed deposits with licensed banks	2,711	6,179	6,240	7,304
Cash and bank balances	20,176	14,656	17,024	36,668
	<u>47,263</u>	<u>86,037</u>	<u>111,297</u>	<u>191,364</u>
Financial Liabilities				
<u>Amortised Cost</u>				
CRNCPS	-	15,563	140,341	141,276
Trade payables	13,638	33,923	33,719	51,500
Other payables	9,214	15,587	5,762	120,882
Lease liabilities	130	14,207	18,937	17,334
Term loans	57,989	84,509	59,397	39,071
Revolving credits	6,327	8,640	19,941	16,867
	<u>87,298</u>	<u>172,429</u>	<u>278,097</u>	<u>386,930</u>

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<----- FYE 31 December ----->			FPE 30
	2020	2021	2022	September
	RM'000	RM'000	RM'000	2023
	Audited	Audited	Audited	Audited
Financial Assets				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	141	(5,339)	(2,896)	496
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial Liabilities				
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	534	(3,952)	(9,717)	(12,863)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
FYE 31 December 2020 (Audited)					
<u>Financial Liability</u>					
Term loan (fixed rate)	-	37,659	-	37,659	37,659
Term loans (floating rate)	-	20,330	-	20,330	20,330
FYE 31 December 2021 (Audited)					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	15,563	-	15,563	15,563
Other payable (fixed rate)	-	3,098	-	3,098	3,098
Other payable (floating rate)	-	5,206	-	5,206	5,206
Term loan (fixed rate)	-	29,020	-	29,020	29,020
Term loans (floating rate)	-	55,489	-	55,489	55,489

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.5 FAIR VALUE INFORMATION (CONT'D)**

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (cont'd):-

	Fair Value of Financial Instruments not Carried at Fair Value			Total	Carrying
	Level 1	Level 2	Level 3	Fair Value	Amount
	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 31 December					
2022 (Audited)					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	140,341	-	140,341	140,341
Other payable					
(fixed rate)	-	2,000	-	1,994	2,000
Term loan (fixed rate)	-	15,483	-	15,483	15,483
Term loans					
(floating rate)	-	43,914	-	43,914	43,914
FPE 30 September					
2023 (Audited)					
<u>Financial Liabilities</u>					
CRNCPS (fixed rate)	-	141,276	-	141,276	141,276
Other payable					
(fixed rate)	-	118,482	-	118,482	118,482
Term loan (fixed rate)	-	4,859	-	4,859	4,859
Term loans					
(floating rate)	-	34,212	-	34,212	34,212

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.5 FAIR VALUE INFORMATION (CONT'D)****(a) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the term loans and interest-bearing payables that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of CRNCPS, interest-bearing payables and term loan that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<----- FYE 31 December ----->			FPE 30 September
	2020	2021	2022	2023
	%	%	%	%
	Audited	Audited	Audited	Audited
CRNCPS	-	5.00	3.00	3.00
Other payables	-	5.00	5.00	5.50
Term loans	5.20	5.20	5.20	5.20

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

- (a) The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The Government of Malaysia announced the "Movement Control Order" ("MCO") with effect from 18 March 2020 until 3 May 2020. The Government has further announced the "Conditional Movement Control Order" ("CMCO") with effect from 4 May 2020 to 9 June 2020. This is followed by "Recovery Movement Control Order" ("RMCO") with effect from 10 June 2020 to 31 August 2020.

The Group operates in the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining the necessary approvals, the Group had continued to operate during the MCO period.

In respect of charter contracts of third-party vessels which were ongoing at that time, were continued without disruption despite the onset of the MCO. However, in respect of certain charter contracts which had been awarded but yet to commence, there was a delay in the commencement date resulting from the MCO.

- (b) On 1 December 2015, a Shipbuilding Contract was entered by WCL ("buyer"), Jingjiang Nanyang Shipbuilding Co., Ltd. ("seller") and Nantong Shunyang Trade and Development Co., Ltd. ("co-seller") for the purchase of the Group's second vessel, Laguna Setia 2 for a total purchase consideration of USD17,000,000.

This Shipbuilding Contract was subsequently novated by WCL to Keyfield Marine on 19 August 2020 through a Novation Agreement. Pursuant to this Novation Agreement, WCL has novated its rights, interests, benefits, obligations and liabilities under the Shipbuilding Contract to Keyfield Marine.

As of the date of the Novation Agreement, the total amounts paid by Keyfield Offshore and WCL on behalf of Keyfield Marine were amounted to approximately USD8,204,000 (equivalent to approximately RM34,398,000) and USD3,831,000 (equivalent to approximately RM15,986,000), respectively.

Subsequently, on 28 September 2020, the Group has taken delivery of Laguna Setia 2.

- (c) On 28 September 2020, Keyfield Endeavour entered into a Memorandum of Agreement with POET and subsequently, followed by an Addendum dated 14 December 2020 to acquire a second-hand vessel, Keyfield Falcon for a total purchase consideration of USD14,500,000. The Group has taken delivery of the vessel on 13 February 2021.
- (d) On 22 December 2020, Keyfield entered into first SSA with the shareholders of Keyfield Marine and Keyfield Endeavour to acquire the entire issued and paid-up share capital of Keyfield Marine and Keyfield Endeavour for a consideration of RM1 each, respectively. Subsequent to the acquisition, Keyfield Marine and Keyfield Endeavour became wholly-owned subsidiaries of Keyfield.

12. ACCOUNTANTS' REPORT (Cont'd)**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)**

- (e) On 23 December 2020, Keyfield entered into second SSA with the shareholders of Keyfield Offshore to acquire the entire issued and paid-up share capital of Keyfield Offshore for a total purchase consideration of RM89,999,999 by issuance of 179,999,998 new ordinary shares of Keyfield at RM0.50 each. Subsequent to the acquisition, Keyfield Offshore became wholly-owned subsidiary of Keyfield.

- (f) On 28 December 2020, Keyfield Offshore entered into a Capitalisation Agreement with Keyfield and Lavin, whereby a total amount of USD5,000,000 (equivalent to RM20,500,000) owing by Keyfield Offshore to Lavin as at 31 August 2020 is to be capitalised into 41,000,000 new ordinary shares of Keyfield at RM0.50 each. The Capitalisation Agreement has been completed on even date.

- (g) On 28 December 2020, Keyfield Marine entered into a Novation and Capitalisation Agreement with Keyfield, Dato' Kee Chit Huei and WCL, whereby a total amount of USD3,600,000 (equivalent to RM14,760,000) owing by Keyfield Marine to WCL as at 31 August 2020 is to be capitalised into 29,520,000 new ordinary shares of Keyfield at RM0.50 each. The Novation and Capitalisation Agreement has been completed on even date.

- (h) On 11 January 2021, Keyfield entered into a Loan Agreement with Positive Boom Limited for an unsecured loan of USD11 million where the proceeds were used by Keyfield Endeavour to partially pay the purchase price of Keyfield Falcon, as referred to in Note 36(c) above. The loan of USD11 million has been fully disbursed on 21 January 2021 as disclosed in Note 18(a)(vii) to the consolidated financial statements.

On 16 March 2021, through a Letter of Agreement, Keyfield and Positive Boom Limited agreed to vary certain terms of the Loan Agreement, such that the total repayment shall be RM44,330,000 instead of USD11,000,000 and for the interest on the loan to be calculated from 16 March 2021 onwards, instead of date of loan disbursement.

- (i) On 31 January 2021, through exchange of letters, Maltiquet had indicated its interest to acquire a 10% interest in Keyfield Endeavour, and has subsequently invested a total of RM6 million into Keyfield Endeavour.

On 7 May 2021, Keyfield, Keyfield Offshore, Keyfield Endeavour and Maltiquet entered into a Share Subscription Agreement and a Shareholders Agreement to inter-alia, formalise the subscriptions of ordinary shares and CRCPS in Keyfield Endeavour as well as to regulate the relationship between the shareholders of Keyfield Endeavour.

On 7 May 2021, the additional ordinary shares and CRCPS of Keyfield Endeavour were issued and allotted to the various subscribers and accordingly, the shareholding of Keyfield in Keyfield Endeavour was diluted to 90%.

- (j) On 11 June 2021, Keyfield Offshore entered into a Bareboat Charter Agreement with POET for a bareboat charter of a vessel, namely Keyfield Helms 1 for a period of 3 years.

The charter period commenced at on-hire date on 18 August 2021 as per on-hire certificate. Subsequently, the Bareboat Charter Agreement with POET has been mutually terminated with immediate effect on 14 September 2022 upon POET disposing of the vessel to Sea Steel on 15 September 2022.

In view of the tenure of this Bareboat Charter Agreement, the charter of Keyfield Helms 1 is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)

- (k) On 20 August 2021, Keyfield Offshore entered into a Master Agreement with Lavin and Lavin Vessel 1 Sdn. Bhd. (subsequently on 28 February 2022, changed its name to Keyfield Resolute) to be granted an exclusive charter rights and act as the ship management company for two Malaysian flagged vessels, namely Keyfield Compassion (formerly known as SK Meteori) and Keyfield Commander (formerly known as Armada Firman 2), for a term of 18 months with option to extend for further 18 months. The bareboat charter rates of the vessels shall only be payable to Keyfield Resolute on back-to-back basis as and when the respective vessels are on-hired by Keyfield Offshore to its customers.
- (l) On 11 October 2021, Keyfield Offshore entered into a Shipbuilding Contract with Vantage for the construction of a vessel, namely Keyfield Kindness, for a total purchase consideration of USD4,250,000. Part of the proceeds from the issuance of the 15,562,500 3-year CRNCPS as referred to in Note 36(o) below was utilised by Keyfield Offshore to partially pay for the construction of the vessel.

Subsequently on 9 November 2021, the Group has taken delivery of the vessel.

Keyfield Offshore obtained a letter of offer from a local financial institution for a 4-year RM10,000,000 term loan, which upon the fulfilment of the drawdown conditions, will be used to partially refinance the acquisition of Keyfield Kindness.
- (m) On 1 November 2021, a 51%-owned subsidiary of Keyfield, Keyfield Geomarine, was incorporated. Keyfield subscribed for a total of 5,100 ordinary shares of RM1 each in Keyfield Geomarine for a total investment cost of RM5,100, with the balance held by a non-controlling interest (Helms Geomarine).
- (n) On 3 November 2021, Keyfield subscribed for a total of 45,000,000 NCRCPS in Keyfield Marine by capitalising the amount owing by Keyfield Marine amounted to RM45,000,000.
- (o) On 24 November 2021, Keyfield Offshore completed the issuance of 15,562,500 3-year CRNCPS for a total value of RM15,562,500 to Stratos Private Equity Limited.
- (p) On 27 December 2021, Keyfield completed a 2-for-1 share split whereby its number of ordinary shares increased from 250,520,000 to 501,040,000. The value of the ordinary paid-up share capital was unchanged at RM125,260,001.
- (q) On 12 January 2022, a wholly-owned subsidiary of Keyfield, Keyfield Serenity was incorporated. Keyfield subscribed for a total of 100,000 ordinary shares of RM1 each in Keyfield Serenity for a total investment cost of RM100,000.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)

- (r) On 18 February 2022, Keyfield Serenity entered into a Memorandum of Agreement with Stratos Vessel Sdn. Bhd. ("Stratos Vessel") to acquire an accommodation workboat, namely Keyfield Grace, for a total purchase consideration of RM65,000,000 which was satisfied through the issuance of 260,000,000 new 3-year CRNCPS in the Company for a total value of RM65,000,000 to Stratos Private Equity Limited, the holding company of Stratos Vessel. The acquisition was completed on even date.

As a result of the acquisition, the Bareboat Charter Agreement dated 11 August 2021 between Keyfield Offshore and Stratos Vessel for the charter of Keyfield Grace was terminated on even date.

- (s) On 18 February 2022, Keyfield entered into an Intercompany Payment and Capitalisation Agreement with Keyfield Serenity, Stratos Private Equity Limited and Stratos Vessel whereby Keyfield Serenity issued 65,000,000 new NCRCPs for a total value of RM65,000,000 to Keyfield.

- (t) On 18 February 2022, Keyfield entered into a Sale and Purchase Agreement with Lavin to acquire 100% equity interest in Keyfield Resolute for a total purchase consideration of RM12,500,000 which was satisfied through the issuance of 50,000,000 new 3-year CRNCPS in Keyfield for a total value of RM12,500,000 to Lavin. The acquisition was completed on even date.

As a result of the acquisition, the Master Agreement referred to in Note 36(k) above was terminated on even date.

- (u) On 18 February 2022, Keyfield entered into a Capitalisation Agreement with Lavin and Keyfield Resolute whereby:-

- (i) Keyfield agreed to assume RM65,000,000 owing by Keyfield Resolute to Lavin, by issuing 260,000,000 new 3-year CRNCPS for a total value of RM65,000,000 to Lavin; and
- (ii) Keyfield Resolute issued 65,000,000 new NCRCPs for a total value of RM65,000,000 to Keyfield.

- (v) On 15 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Keyfield Helms 1 for a period of 11 months, with an option to extend for another 1 year at Keyfield Resolute's option.

The charter period shall commence at on-hire date on 15 September 2022 as per on-hire certificate.

In view of the tenure of this Bareboat Charter Agreement, the charter of Keyfield Helms 1 is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

As a result, the long-term Bareboat Charter Agreement for Keyfield Helms 1 between POET and Keyfield Offshore as referred to in Note 36(j) above was terminated on even date.

12. ACCOUNTANTS' REPORT (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)

- (w) On 21 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Daya Indah Satu for a period of 1 year, with an option to extend for another 1 year at Keyfield Resolute's option.

The charter period shall commence at on-hire date on 1 November 2022 as per on-hire certificate.

In view of the tenure of this Bareboat Charter Agreement, the charter of Daya Indah Satu is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

- (x) On 7 December 2022, Keyfield Marine Limited, a wholly-owned subsidiary of Keyfield Offshore was struck off pursuant to Section 151(4) of the Labuan Companies Act 1990.
- (y) On 17 March 2023, the Sheriff of the High Court of Malaya executed a Bill of Sale to transfer the ownership of a vessel, namely Keyfield Lestari (formerly known as Permata Arau 1) to Keyfield Offshore, for a total purchase consideration of RM24,380,000.
- (z) On 7 April 2023, Keyfield Offshore entered into a Memorandum of Agreement with Azulite Bloom Sdn. Bhd. ("Azulite Bloom") to purchase a vessel, namely Blooming Wisdom for a total purchase consideration of RM94,886,400 payable over 48 monthly instalments of RM1,976,800 each. The Memorandum of Agreement was completed on even date.

The purchase consideration consists of:-

- (i) the cash purchase price of Blooming Wisdom of RM85,000,000; and
- (ii) the amount of up to RM9,886,400 chargeable by Azulite Bloom in consideration of them agreeing to Keyfield Offshore's request to pay by instalments, represent financing element.

Keyfield Offshore shall have the option to fully settle the balance purchase consideration earlier at any time during the 48-month instalment period. Should Keyfield Offshore decides to exercise this option, Azulite Bloom shall grant Keyfield Offshore a rebate on the remaining financing element.

12. ACCOUNTANTS' REPORT (Cont'd)

KEYFIELD INTERNATIONAL BERHAD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT'D)

- (aa) On 7 April 2023, Keyfield Offshore entered into a Memorandum of Agreement with Sea Steel Sdn. Bhd. ("Sea Steel") to purchase a vessel known as Keyfield Helms 1 for a total purchase consideration of RM50,538,620 payable over 29 monthly instalments of RM517,954 each and a final instalment of RM35,517,954. The Memorandum of Agreement was completed on even date.

The purchase consideration consists of:-

- (i) the cash purchase price of Keyfield Helms 1 of RM45,000,000; and
- (ii) the amount of up to RM5,538,620 chargeable by Sea Steel in consideration of them agreeing to Keyfield Offshore's request to pay by instalments, represent remaining financing element.

Keyfield Offshore shall have the option to fully settle the balance purchase consideration earlier at any time during the 30-months instalment period. Should Keyfield Offshore decides to exercise this option, Sea Steel shall grant Keyfield Offshore a rebate on the remaining financing element.

As a result of the acquisition, the Bareboat Charter Agreement for Keyfield Helms 1 between Sea Steel and Keyfield Resolute was terminated on even date.

- (ab) On 17 May 2023, Keyfield Offshore entered into a Bareboat Charter Agreement with Sea Steel for a bareboat charter of a vessel, namely Daya Ceria for a period of 1 year, which has commenced on 18 July, with an option to extend for another 1 year, at Keyfield Offshore's option.

In view of the tenure of this Bareboat Charter Agreement, the charter of Daya Ceria is accounted for as a right-of-use asset in accordance with MFRS 16 Leases.

37. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

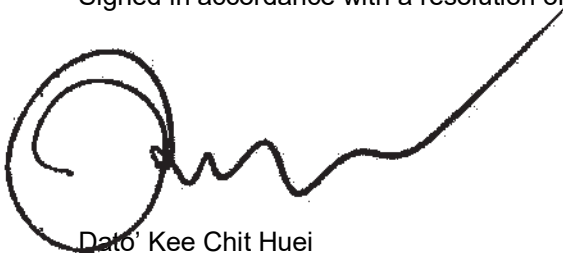
On 26 January 2024, Keyfield Offshore entered into a Sale and Purchase Agreement with Khas Jejaka Sdn. Bhd. to purchase a vessel, namely IMS Aman for a total purchase consideration of RM34,800,000. The Group has taken delivery of the vessel on 31 January 2024.

12. ACCOUNTANTS' REPORT (*Cont'd*)

**KEYFIELD INTERNATIONAL BERHAD
STATEMENT BY DIRECTORS**

We, Dato' Kee Chit Huei and Mohd Erwan bin Ahmad, being two of the directors of Keyfield International Berhad, state that, in the opinion of the Directors, the consolidated financial statements set out on pages 4 to 112 are drawn up in accordance Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and 30 September 2023 and of their financial performance and cash flows for the financial years or period ended on those dates.

Signed in accordance with a resolution of the directors dated **11 MAR 2024**



Dato' Kee Chit Huei



Mohd Erwan bin Ahmad

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



Date: **11 MAR 2024**

The Board of Directors
KEYFIELD INTERNATIONAL BERHAD
B-31-02, Tower B, Pavilion Embassy,
No 200, Jalan Ampang,
50450 Kuala Lumpur.

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Dear Sirs and Madam,

KEYFIELD INTERNATIONAL BERHAD
("KEYFIELD" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Keyfield and its subsidiaries (collectively known as "the Group") as at 30 September 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of Keyfield for the inclusion in the Prospectus of Keyfield in connection with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of Keyfield have compiled the Pro Forma Consolidated Statements of Financial Position are set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysia Institute of Accountants ("Guidance Note").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors of Keyfield to illustrate the impact of the events or transactions as described in the Notes to the Pro Forma Consolidated Statements of Financial Position as if these events have been in existence throughout the financial period. As part of this process, information about the Group's financial position have been extracted by the Board of Directors of Keyfield from the Audited Financial Statements of Keyfield for the financial period ended 30 September 2023.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

13. **REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)**



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We are independent 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 Ethics Standards Board for Accountants' *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.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



REPORTING ACCOUNTANTS' REPSONSIBILITIES (CONT'D)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis described in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,


Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur


Chin Kil Seong
03030/01/2025 J
Chartered Accountant

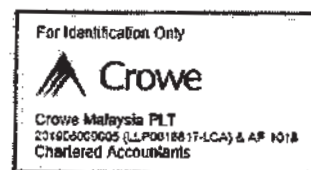
13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**KEYFIELD INTERNATIONAL BERHAD****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

	Note	Keyfield as at FYE 30 September 2023 RM'000	Subsequent Events RM'000	Pro Forma I After Subsequent Events RM'000	Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Pro Forma II After Pro Forma I, and Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Public Issue RM'000	Pro Forma III After Pro Forma II and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000
NON-CURRENT ASSETS										
Investment in an associate		214	-	214	-	214	-	214	-	214
Property, plant and equipment		508,198	-	508,198	-	508,198	-	508,198	-	508,198
Investment property		1,532	-	1,532	-	1,532	-	1,532	-	1,532
Right-of-use assets		17,210	-	17,210	-	17,210	-	17,210	-	17,210
Other investments		218	-	218	-	218	-	218	-	218
		527,372	-	527,372	-	527,372	-	527,372	-	527,372
CURRENT ASSETS										
Inventories		1,392	-	1,392	-	1,392	-	1,392	-	1,392
Trade receivables		147,392	-	147,392	-	147,392	-	147,392	-	147,392
Other receivables, deposits and prepayments		1,770	-	1,770	-	1,770	-	1,770	-	1,770
Current tax assets		60	-	60	-	60	-	60	-	60
Fixed deposits with licensed banks		7,304	-	7,304	-	7,304	-	7,304	-	7,304
Cash and bank balances	6.1	36,668	(36,793)	(125)	-	(125)	188,064	187,939	(173,500)	14,439
		194,586	(36,793)	157,793	-	157,793	188,064	345,857	(173,500)	172,357
TOTAL ASSETS		721,958	(36,793)	685,165	-	685,165	188,064	873,229	(173,500)	699,729

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**KEYFIELD INTERNATIONAL BERHAD****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)**

	Note	Keyfield as at FYE 30 September 2023 RM'000	Subsequent Events RM'000	Pro Forma I After Subsequent Events RM'000	Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Pro Forma II After Pro Forma I, and Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS RM'000	Public Issue RM'000	Pro Forma III After Pro Forma II and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES										
EQUITY										
Share capital	6.2	125,260	-	125,260	81,000	206,260	188,064	394,324	(6,162)	388,162
Reserves	6.3	141,016	(15,031)	125,985	-	125,985	-	125,985	(6,556)	119,429
Equity attributable to owners of the Company		266,276	(15,031)	251,245	81,000	332,245	188,064	520,309	(12,718)	507,591
Non-controlling interest		5,250	-	5,250	-	5,250	-	5,250	-	5,250
TOTAL EQUITY		271,526	(15,031)	256,495	81,000	337,495	188,064	525,559	(12,718)	512,841
NON-CURRENT LIABILITIES										
Cumulative redeemable non-convertible preference shares ("CRNCPS")	6.4	138,782	-	138,782	(81,000)	57,782	-	57,782	(57,782)	-
Lease liabilities		6,407	-	6,407	-	6,407	-	6,407	-	6,407
Other payables	6.5	94,464	-	94,464	-	94,464	-	94,464	(76,651)	17,813
Borrowings	6.6	9,854	-	9,854	-	9,854	-	9,854	-	9,854
Deferred tax liability		59,757	-	59,757	-	59,757	-	59,757	-	59,757
		309,264	-	309,264	(81,000)	228,264	-	228,264	(134,433)	93,831
CURRENT LIABILITIES										
Trade payables		51,500	-	51,500	-	51,500	-	51,500	-	51,500
Other payables and accruals	6.5	29,958	-	29,958	-	29,958	-	29,958	(23,349)	6,609
CRNCPS	6.4	2,494	-	2,494	-	2,494	-	2,494	-	2,494
Lease liabilities		10,927	-	10,927	-	10,927	-	10,927	-	10,927
Borrowings	6.6	46,084	(21,762)	24,322	-	24,322	-	24,322	(3,000)	21,322
Current tax liabilities		205	-	205	-	205	-	205	-	205
		141,168	(21,762)	119,406	-	119,406	-	119,406	(26,349)	93,057
TOTAL LIABILITIES		450,432	(21,762)	428,670	(81,000)	347,670	-	347,670	(160,782)	186,888
TOTAL EQUITY AND LIABILITIES		721,958	(36,793)	685,165	-	685,165	188,064	873,229	(173,500)	699,729
Number of ordinary shares in issue ('000)		501,040		501,040		591,040		800,000		800,000
Net assets attributable to owners of the Company (RM'000)		266,276		251,245		332,245		520,309		507,591
Net assets per share (RM)		0.53		0.50		0.56		0.65		0.63

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



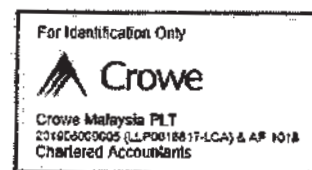
**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

1. Abbreviation

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Bursa Securities	: Bursa Malaysia Securities Berhad
IPO	: Initial public offering comprising the Public Issue
IPO Price	: RM0.90 per IPO Share, being the indicative price payable by investors under the Public Issue
IPO Shares	: The Issue Shares
Issue Shares	: 208,960,000 new Keyfield Shares, representing approximately 26.1% of the enlarged share capital of Keyfield upon our Listing, which are to be issued pursuant to Public Issue
Keyfield or the Company	: Keyfield International Berhad
Keyfield Offshore	: Keyfield Offshore Sdn. Bhd., existing subsidiary of Keyfield
Keyfield Endeavour	: Keyfield Endeavour Sdn. Bhd., existing subsidiary of Keyfield
Keyfield Share(s)	: Ordinary share(s) in Keyfield
Keyfield CRNCPS	: Cumulative redeemable non-convertible preference shares in Keyfield
Lavin	: Lavin Group Sdn. Bhd., a substantial shareholder of Keyfield
Listing	: Listing of and quotation for the entire enlarged issued share capital of Keyfield of RM720,000,000 comprising 800,000,000 Keyfield Shares on the Main Market of Bursa Securities
NA	: Net assets
NL	: Net liabilities
MITI	: Ministry of International Trade and Industry of Malaysia
Pro Forma Consolidated SOFP	: Pro Forma Consolidated Statements of Financial Position
Public Issue	: Public issue of 208,960,000 new Keyfield Shares at the IPO Price

13. **REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)**



KEYFIELD INTERNATIONAL BERHAD NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

1. Abbreviation Cont'd)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

RM and sen : Ringgit Malaysia and sen, respectively the lawful currency of Malaysia

The Group : Keyfield International Berhad and its subsidiaries

2. Introduction

The Pro Forma Consolidated SOFP as at 30 September 2023 together with the related notes, for which the Board of Directors are solely responsible, have been prepared for illustrative purposes only for inclusion in the Prospectus in connection with the IPO of Keyfield Shares and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Securities.

The Pro Forma Consolidated SOFP together with the notes have been prepared based on the assumption that the transactions as set out in Section 5 to the Pro Forma Consolidated SOFP were effected on 30 September 2023.

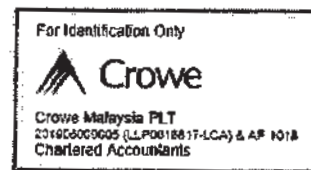
3. Basis of Preparation

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared based on Audited Financial Statements of Keyfield for the financial period ended ("FPE") 30 September 2023 which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the Audited Financial Statements and accounting policies of the Group.

The Audited Financial Statements of Keyfield for the FPE 30 September 2023 were not subject to any audit qualification, modification or disclaimer. All amounts are presented in RM.

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared for illustrative purposes only to show the effects of the transactions as set out in Section 4 of the Pro Forma Consolidated SOFP as at 30 September 2023 had the transactions been effected on 30 September 2023, and should be read in conjunction with the notes in this Section. Such information, because its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 30 September 2023. Further, such information does not purport to predict the Group's future financial position.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

4. Listing Scheme

Keyfield seeks a listing on the Main Market of Bursa Securities. The details of the listing schemes and subsequent events which are integral to the Listing are as follows:-

4.1 Subsequent Events

4.1.1 Settlement of Positive Bloom Limited ("PBL")'s Unsecured Term Loan

On 11 January 2021, Keyfield entered into a Loan Agreement with PBL for an unsecured loan of USD11,000,000 (equivalent to approximately RM44,330,000) where the proceeds were used by Keyfield Endeavour to partially pay the purchase price of a vessel, namely Keyfield Falcon.

The unsecured term loan was repayable over 3 years by 36 monthly instalments of RM806,000 each commencing in May 2021 and with a final instalment of RM15,314,000.

On 11 October 2023, Keyfield has made an early full settlement to PBL of approximately RM21,762,000.

4.1.2 Acquisition of IMS Aman by Keyfield Offshore

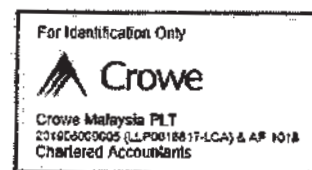
On 26 January 2024, Keyfield Offshore entered into a Sale and Purchase Agreement with Khas Jejaka Sdn. Bhd. to purchase a vessel, namely IMS Aman for a total purchase consideration of RM34,800,000. The Group has taken delivery of the vessel on 31 January 2024.

The acquisition of IMS Aman is not illustrated in the Pro Forma Consolidated SOFP as the purchase consideration has been fully paid using internally generated fund.

4.1.3 Declaration of Dividend

On 15 February 2024, the Company declared a final dividend of RM0.03 per ordinary share amounted to RM15,031,200 in respect of the financial year ended 31 December 2023, paid on 22 February 2024.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

4. Listing Schemes (Cont'd)

4.2 Issuance of Keyfield Shares and Redemption of Keyfield CRNCPS

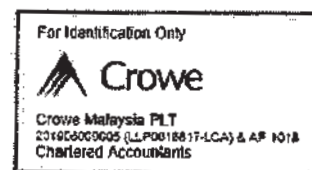
- (a) A total of 90,000,000 Issue Shares, representing approximately 11.3% of the enlarged number of Keyfield Shares shall be issued to Lavin and Stratos Private Equity Limited at the IPO Price of RM0.90 per Public Issue Share in the following manner:-
- (i) 80,000,000 Issue Shares shall be issued to Lavin for a cash consideration of RM72,000,000; and
 - (ii) 10,000,000 Issue Shares shall be issued to Stratos Private Equity for a total cash consideration of RM9,000,000.

The issuance of 90,000,000 Keyfield Shares shall be issued and allotted concurrent with the Public Issue as set out in Section 4.3.1.

- (b) A total of 90,000,000 Keyfield CRNCPS shall be redeemed to Lavin and Stratos Private Equity Limited at the IPO Price of RM0.90 per Public Issue Share in the following manner:-
- (i) redemption of 288,000,000 Keyfield CRNCPS held by Lavin for a total redemption consideration of RM72,000,000; and
 - (ii) redemption of 36,000,000 Keyfield CRNCPS held by Stratos Private Equity Limited for a total redemption consideration of RM9,000,000.

Upon completion of issuance of Keyfield Shares and redemption of Keyfield CRNCPS, the share capital of Keyfield will increase from RM125,260,001 comprising 501,040,000 Keyfield Shares to RM206,260,001 comprising 591,040,000 Keyfield Shares.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

4. Listing Schemes (Cont'd)

4.3 IPO

4.3.1 Public Issue

Public Issue of 208,960,000 new Keyfield Shares, representing approximately 26.1% of the enlarged number of Keyfield Shares, at the IPO Price of RM0.90 per Public Issue Share, to be allocated in the following manners:-

(a) Malaysian Public

40,000,000 Issue Shares, representing 5.0% of the enlarged number of Keyfield Shares, will be made available for application by the Malaysian Public, to be allocated via balloting process in the following manners:-

- (i) 20,000,000 Issue Shares made available to public investors; and
- (ii) 20,000,000 Issue Shares made available to Bumiputera public investors.

(b) Eligible Directors and employees as well as persons who have contributed to the success of the Group

24,000,000 Issue Shares, representing 3.0% of the enlarged number of Keyfield Shares, will be reserved for eligible directors and employees as well as persons who have contributed to the success of the Group.

(c) Private placement to selected Bumiputera investors approved by MITI

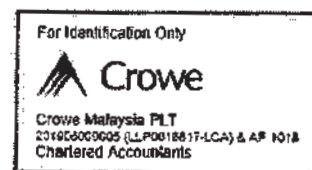
73,194,900 Issue Shares, representing approximately 9.1% of the enlarged number of Keyfield Shares, have been reserved for private placement to selected Bumiputera investors approved by MITI.

(d) Private placement to selected investors

71,765,100 Issue Shares, representing approximately 9.0% of the enlarged number of Keyfield Shares, have been reserved for private placement to selected investors.

Upon completion of the Public Issue, the share capital of Keyfield will increase from RM206,260,001 comprising 591,040,000 Keyfield Shares to RM394,324,001 comprising 800,000,000 Keyfield Shares.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

4. Listing Schemes (Cont'd)

4.3 IPO (Cont'd)

4.3.2 Listing on Bursa Securities

The admission of Keyfield to the official list of Bursa Securities, and the entire enlarged issued share capital of Keyfield of RM394,324,001, comprising 800,000,000 Keyfield Shares shall be listed and quoted on the Main Market of Bursa Securities upon completion of the IPO.

4.4 Issuance of ESOS

In conjunction with the Listing, Keyfield will establish an ESOS which involves the granting of ESOS Options to its eligible directors and employees of the Group.

Keyfield intends to offer up to 28,000,000 ESOS Options to its eligible directors and employees of the Group representing approximately 3.5% of the enlarged issued share capital of Keyfield upon Listing.

The total number of Keyfield Shares which will be made available under the ESOS with a tenure of 5 years shall not exceed 120,000,000 ESOS options representing 15% of the total number of issued Keyfield Shares (excluding treasury shares) at any one time during the existence of the ESOS.

The ESOS is not illustrated in the Pro Forma Consolidated SOFP as the ESOS Options have yet to be granted as of the date of this report.

5. Pro Forma Adjustments to the Pro Forma SOFP

The Pro Forma Consolidated SOFP as at 30 September 2023 have been prepared solely for illustrative purposes only to show the effects of the following transactions based on the assumptions that they have been effected on 30 September 2023:-

5.1 Pro Forma I

Pro Forma I incorporates the effects of the subsequent events as set out in Section 4.1.1 to Section 4.1.3 above.

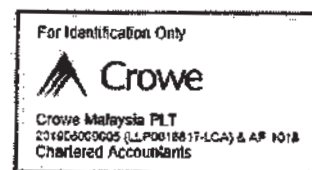
5.2 Pro Forma II

Pro Forma II incorporates the effects of the Pro Forma I, and issuance of Keyfield Shares and redemption of Keyfield CRNCPS as set out in Section 4.2 above.

5.3 Pro Forma III

Pro Forma III incorporates the effects of the Pro Forma II and the Public Issue as set out in Section 4.3.1 above.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



KEYFIELD INTERNATIONAL BERHAD NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP (Cont'd)

5.4 Pro Forma IV

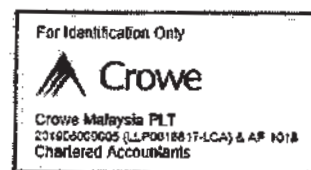
Pro Forma IV incorporates the effects of the Pro Forma III and the full utilisation of proceeds from the Public Issue, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The proceeds from the Public Issue will be utilised as follows:-

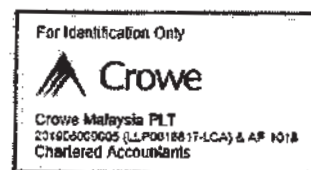
	Amount RM'000	%	Estimated time frame for utilisation from the Listing date
Redemption of Keyfield CRNCPS	61,500	32.7	Within 1 month
Repayment of term loan from Alliance Bank Malaysia Berhad	3,000	1.6	Within 3 months
Settlement of balance purchase consideration for Blooming Wisdom vessel	65,000	34.6	Within 1 month
Settlement of balance purchase consideration for Keyfield Helms 1 vessel	35,000	18.6	Within 1 month
General working capital ^	14,564	7.7	Within 12 months
Estimated listing expenses *	9,000	4.8	Within 1 month
Total	188,064	100.00	

^ - This proceeds for general working capital purpose is not adjusted in the Pro Forma III to the Pro Forma Consolidated SOFP and is remained in the cash and bank balances.

* - The estimated listing expenses totaling RM9.0 million to be borne by Keyfield comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of approximately RM6.2 million is assumed to be directly attributable to the IPO and as such will be set off against the share capital in equity and the remaining expenses of approximately RM2.8 million are assumed to be attributable to the Listing and as such, will be expensed off to the Statement of Profit or Loss and Other Comprehensive Income.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**
6. Effects on the Pro Forma Consolidated Statements of SOFP
6.1 Cash and Bank Balances

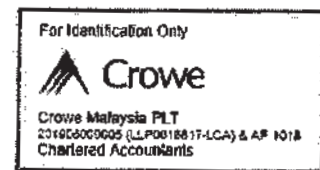
	Note	RM'000
As at 30 September 2023		36,668
Settlement of PBL's unsecured term loan	4.1.1	(21,762)
Payment of dividend	4.1.3	(15,031)
		(36,793)
As per Pro Forma I		(125)
Proceeds from issuance of Keyfield Shares:		
- Lavin	4.2(a)(i)	72,000
- Stratos Private Equity Limited	4.2(a)(ii)	9,000
		81,000
Redemption of Keyfield CRNCPS:		
- Lavin	4.2(b)(i)	(72,000)
- Stratos Private Equity Limited	4.2(b)(ii)	(9,000)
		(81,000)
As per Pro Forma II		(125)
Proceeds from Public Issue	4.3.1	188,064
As per Pro Forma III		187,939
Utilisation of proceeds from Public Issue:		
- redemption of Keyfield CRNCPS	5.4	(61,500)
- repayment of term loan from Alliance Bank Malaysia Berhad	5.4	(3,000)
- settlement of balance purchase consideration for Blooming Wisdom vessel	5.4	(65,000)
- settlement of balance purchase consideration for Keyfield Helms 1 vessel	5.4	(35,000)
- payment of estimated listing expenses	5.4	(9,000)
		(173,500)
As per Pro Forma IV		14,439

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**
6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)
6.2 Share Capital

	Note	RM'000
As at 30 September 2023		125,260
Issuance of Keyfield Shares:		
- Lavin	4.2(a)(i)	72,000
- Stratos Private Equity Limited	4.2(a)(ii)	9,000
		81,000
As per Pro Forma II		206,260
Public Issue	4.3.1	188,064
As per Pro Forma III		394,324
Item set off against the share capital in equity:		
- estimated listing expenses	5.4	(6,162)
As per Pro Forma IV		388,162

6.3 Retained Profits

	Note	RM'000
As at 30 September 2023		141,016
Declaration of dividend	4.1.3	(15,031)
As per Pro Forma I, II and III		125,985
Item expensed off to the statement of profit or loss and other comprehensive income:		
- estimated listing expenses	5.4	(2,838)
- accretion of interest on CRNCPS		(3,718)
		(6,556)
As per Pro Forma IV		119,429

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)**6.4 CRNCPS**

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023 and as per Pro Forma I		2,494	138,782	141,276
Redemption:				
- Lavin	4.2(b)(i)	-	(72,000)	(72,000)
- Stratos Private Equity Limited	4.2(b)(ii)	-	(9,000)	(9,000)
		-	(81,000)	(81,000)
As per Pro Forma II and III		2,494	57,782	60,276
Utilisation of proceeds from Public Issue for redemption:				
- Lavin	5.4	-	(5,500)	(5,500)
- Stratos Private Equity Limited	5.4	-	(56,000)	(56,000)
		-	(61,500)	(61,500)
Accretion of interest on CRNCPS		-	3,718	3,718
As per Pro Forma IV		2,494	-	2,494

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

6. Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)**6.5 Other Payables and Accruals**

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023 and as per Pro Forma I, II and III		29,958	94,464	124,422
Utilisation of proceeds from Public Issue for settlement of balance purchase consideration for:				
- Blooming Wisdom	5.4	(19,515)	(45,485)	(65,000)
- Keyfield Helms 1	5.4	(3,834)	(31,166)	(35,000)
		(23,349)	(76,651)	(100,000)
As per Pro Forma IV		6,609	17,813	24,422

6.6 Borrowings

	Note	Current RM'000	Non- current RM'000	Total RM'000
As at 30 September 2023		46,084	9,854	55,938
Settlement of PBL's unsecured term loan	4.1.1	(21,762)	-	(21,762)
As per Pro Forma I, II and III		24,322	9,854	34,176
Utilisation of proceeds for repayment of term loan from Alliance Bank Malaysia Berhad	5.4	(3,000)	-	(3,000)
As per Pro Forma IV		21,322	9,854	31,176

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



**KEYFIELD INTERNATIONAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **11 MAR 2024**

On behalf of the Board of Directors,

Dato' Kee Chit Huei

Mohd Erwan Bin Ahmad

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (i) As at the date, we only have 2 classes of shares as follows:
 - (a) Ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares; and
 - (b) Keyfield CRNCPS, all of which rank equally with one another. The salient terms of the Keyfield CRNCPS are set out in Section 6.2.8(ii).
- (ii) Save for the Pink Form Allocations as disclosed in Section 4.4.2 and ESOS as disclosed in Section 4.4.3, no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries.
- (iii) Save for the new Shares issued as disclosed in Sections 6.2 and Issue Shares to be issued pursuant to our IPO as disclosed in Section 4.4, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date.
- (iv) Other than as disclosed in Section 4.4, there is no intention on the part of our Directors to further issue any Shares.
- (v) As at the date, we do not have any outstanding convertible debt securities.

14.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

(i) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Remuneration of Directors

Clause 93

- (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
 - (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
 - (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

Powers of Directors

Clause 94

- (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company.
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract.
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the widows, families or dependents of any such persons.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.

Clause 95

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4)
 - (a) lend and advance money or give credit to any person or company;
 - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
 - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 96

All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine.

Clause 97

- (1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.
- (2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

Clause 98

Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(ii) Changes to Share Capital

The provisions of our Constitution in relation to the alteration of capital are set out below:

Clause 46

- (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
 - (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
 - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
 - (a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or
 - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

(iii) Transfer of securities

The provisions of our Constitution in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

Clause 14

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.

Clause 17

- (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.
- (2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.
- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18

- (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:
 - (a) the instrument of transfer duly executed and stamped;
 - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
 - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

Clause 19

- (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:
 - (a) the shares are not fully paid shares;
 - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (c) the Company has a lien on the shares; and/or
 - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 15

Where:

- (1) the Securities of the Company are listed on another stock exchange; and
- (2) the Company is exempted from compliance with Section 14 of the Central Depository Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions of our Constitution in relation to the rights, preferences and restrictions attached to each class of securities are set out below:

- (1) The capital of the Company shall consist of:
 - (a) ordinary shares; and
 - (b) preference shares.
- (2) A holder of ordinary share(s) shall have the following voting rights:
 - (a) Right to vote on a show of hands of one (1) vote on any resolution of the Company; and
 - (b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.
- (3) The preference shares in the capital of the Company shall confer on the holders thereof the following rights and privileges only and be subject to the following conditions:
 - (a) The preference shares (i) shall be issued at an issue price of RM0.25 per preference share and (ii) shall have a tenure of three (3) years commencing from and inclusive of the date of issuance of the preference shares.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (b) The Company may redeem at its option and at any time after the preference shares are issued or at the end of the tenure at a redemption price of RM0.25 per preference share, upon the Company giving to the holders of the preference shares not less than three (3) days' notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption.
- (c) The preference shares carry a 3% annual dividend pro rata on a cumulative basis.
- (d) The preference shares are not convertible into ordinary shares of the Company.
- (e) The preference shares shall rank *pari passu* without any preference or priority among themselves and in priority to the ordinary shares and other preference shares that may be created in future, which do not rank in priority to the preference shares but shall rank behind all secured and unsecured obligations of the Company. In the event of liquidation, dissolution, winding-up or other repayment of capital (other than on redemption):
 - (i) The preference shares shall confer on the holders the right to receive in priority to the holders of all other class of shares in the Company, cash repayment in full of the amount (and the amount of any dividends that has been declared and remaining in arrears) of up to 100% of RM0.25 per preference share provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company;
 - (ii) In the event that the Company has insufficient assets to permit payment of the full preference shares to the preference shares holders, the assets of the Company shall be distributed rateably to the preference shares holders in proportion to the amount that each preference share holder would otherwise be entitled to receive.
- (f) The Preference Shares holders shall have the same rights as ordinary shares holders as regards to receiving notices, reports and audited accounts and attending general meetings of the Company. The Preference Shares holders however are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances:
 - (i) Where the dividend or part of the dividend on the preference shares has been declared but remains unpaid for more than 6 months;
 - (ii) On a proposal to reduce the Company's share capital;
 - (iii) On a proposal for the disposal of the Company's group's assets, business and undertakings in excess of 25% of the net assets of the Company's group based on the last audited financial statements;
 - (iv) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the preference shares;
 - (v) Upon any resolution for the winding up of the Company; and

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

- (vi) Other circumstances as may be provided under law and applicable to preference shares and/or preference shares holders from time to time;

In any such case, the preference shares holders shall be entitled to vote together with the holders of ordinary shares in the company and exercise one vote for each preference share held.

- (g) The Company may from time to time make modifications to the terms of the preference shares which in the opinion of the Company are not materially prejudicial to the interest of the preference shares holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.

Any variation, modification or abrogation of the rights and privileges attached to the preference shares shall require the sanction of a special resolution of the preference shares holders holding or representing not less than 75% of the outstanding preference shares.

- (h) Notwithstanding anything to the contrary in the Constitution of the Company, the preference shares are freely transferable by its holders to any party, with the approval from the Company's Board of Directors.
- (i) The preference shares shall not be listed on any stock exchange.

14.3 GENERAL INFORMATION

- (i) Save for the purchase consideration paid to our shareholders as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to our Promoters as disclosed in Section 11.13, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (ii) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date and which is significant in relation to the business of our Group.
- (iii) The manner in which copies together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.4 DETAILS OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY****14.4.1 Keyfield Offshore**

Keyfield Offshore was incorporated on 17 April 2013. Keyfield Offshore's share capital as at the LPD is RM53,000,500 comprising 57,750,000 ordinary shares.

The details of changes to Keyfield Offshore's issued share capital from date of incorporation up to the LPD are shown below:

(i) Ordinary shares

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
17 April 2013	10,000	Subscribers' shares	Cash	10,000
6 September 2013	90,000	Issue for cash	Cash	100,000
28 August 2014	200,000	Issue for cash	Cash	300,000
27 May 2016	700,000	Issue for cash	Cash	1,000,000
22 March 2018	9,000,000	Issuance of new shares pursuant to the purchase of LS1	Otherwise than Cash	10,000,000
28 February 2020	33,000,000	Conversion of Keyfield Offshore NCNRCPS ⁽¹⁾	Otherwise than Cash	43,000,000
24 August 2020	14,750,000	Issue for cash	Cash	53,000,500

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14. STATUTORY AND OTHER INFORMATION (Cont'd)**(ii) Keyfield Offshore NCNRCPS**

On 22 March 2018, Keyfield Offshore issued 33,000,000 Keyfield Offshore non-cumulative non-redeemable convertible preference shares ("Keyfield Offshore NCNRCPS") to Darren Kee, Kate Ooi and Mohd Erwan. The 33,000,000 Keyfield Offshore NCNRCPS was subsequently converted to ordinary shares in Keyfield Offshore on 28 February 2020.

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
22 March 2018	33,000,000	Issuance pursuant to the novation of Keyfield Marine Limited's debt in relation to the acquisition of LS1 to Keyfield Offshore	Otherwise than Cash	33,000,000
28 February 2020	33,000,000	Conversion of Keyfield Offshore NCNRCPS	Otherwise than Cash ⁽¹⁾	-

Note:

⁽¹⁾ Converted into ordinary shares in Keyfield Offshore.

The salient terms of the Keyfield Offshore NCNRCPS are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference share issued : 33,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Non-redeemable
- (e) Redemption price per preference share : Not applicable
- (f) Dividends : No dividend
- (g) Conversion rights : The Keyfield Offshore NCNRCPS shall be convertible, at the option of the holder, at any time during the conversion period, into such number of fully-paid shares of Keyfield Offshore as is determined by dividing the issue price by the conversion price in effect at the time of conversion
- (h) Conversion price : RM1.00 per Keyfield Offshore NCNRCPS

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (i) Conversion period : At any time during the period commencing from the date of allotment and issuance of the Keyfield Offshore NCNRCPS
- (j) Conversion mode : The conversion of the Keyfield Offshore NCNRCPS will not require any cash payment from the Keyfield Offshore NCNRCPS holders. The conversion price shall be satisfied by the Keyfield Offshore NCNRCPS holders surrendering the requisite number of the Keyfield Offshore NCNRCPS for cancellation by the issuer
- (k) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (l) Ranking of new shares pursuant to the conversion of the preference shares : The new shares to be issued upon conversion of the preference shares shall rank *pari passu* in all respects with the then existing shares of Keyfield Offshore
- (m) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Offshore
- (n) Governing law : Malaysia

(iii) Keyfield Offshore CRNCPS

On 24 November 2021, Keyfield Offshore issued a total of 15,562,500 Keyfield Offshore CRNCPS to Stratos Private Equity. The 15,562,500 Keyfield Offshore CRNCPS was subsequently redeemed on 23 September 2022 and 24 November 2022.

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
24 November 2021	15,562,500	Issue for cash ⁽¹⁾	Cash	15,562,500
23 September 2022	10,000,000	Redemption out of capital	-	5,562,500
24 November 2022	5,562,500	Redemption out of capital	-	-

Note:

- (1) The proceeds for the issuance was utilised as follows:

Utilisation	RM'million
Part finance the acquisition of Kindness	13.5
Additional equipment and mobilisation related expenses for Kindness	2.1
Total	15.6

14. STATUTORY AND OTHER INFORMATION (Cont'd)

The salient terms of the Keyfield Offshore CRNCPS are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares issued : 15,562,500
- (c) Tenure : 3 years
- (d) Redemption : Redeemable in full or pro rata, at any time after the preference shares are issued or at the end of the tenure, at the option of the issuer, upon the issuer giving to the holders of the Keyfield Offshore CRNCPS not less than 3 days' notice in writing of its intention to redeem stating the number of Keyfield Offshore CRNCPS to be redeemed and the date fixed for redemption.
- (e) Redemption price per preference share : RM1.00
- (f) Dividends : The preference shares carry a 5% annual dividend pro rata, on a cumulative basis and payable on a monthly basis
- (g) Conversion rights : Not convertible into ordinary shares
- (h) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (i) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Offshore
- (j) Governing law : Malaysia

Keyfield Offshore is our wholly-owned subsidiary. As at the LPD, Keyfield Offshore owns 49.0% equity interest in Naka Bayu. Keyfield Offshore has also subscribed for 1 ordinary share (negligible interest) in Keyfield Endeavour. Save for Naka Bayu, Keyfield Offshore does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Offshore. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.4.2 Keyfield Marine**

Keyfield Marine was incorporated on 22 October 2019. Keyfield Marine's share capital as at the LPD is RM45,100,000 comprising 100,000 ordinary shares and 45,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Marine NCRCPs").

Details of changes to Keyfield Marine's issued share capital from date of incorporation up to the LPD are shown below:

(i) Ordinary shares

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
22 October 2019	1	Subscriber's share	Cash	1
18 November 2020	99,999	Issue for cash	Cash	100,000

(ii) Keyfield Marine NCRCPs

On 3 November 2021, Keyfield Marine issued a total of 45,000,000 Keyfield Marine NCRCPs to Keyfield.

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
3 November 2021	45,000,000	Capitalisation of shareholder's advance ⁽¹⁾	Otherwise than Cash	45,000,000

Note:

- (1) Keyfield Offshore had made advances amounting to RM45.0 million to Keyfield Marine. The advances were utilised by Keyfield Marine for its loan installments and operating expenses. The RM45.0 million advances were subsequently assigned by Keyfield Offshore to Keyfield. On 3 November 2021, the advances were capitalised via the issuance of 45,000,000 Keyfield Marine NCRCPs at the issue price of RM1.00 per Keyfield Marine NCRCPs to Keyfield.

The salient terms of the Keyfield Marine NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares to be issued : 45,000,000
- (c) Tenure : No fixed tenure

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (d) Redemption : Redeemable at the option of Keyfield Marine at any time after the preference shares are issued, upon Keyfield Marine giving to the holders of the preference shares not less than 3 days' notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption. Any redemption by Keyfield Marine shall be done in proportion to the shareholding of all preference shares holders.
- The redemption is subject to Keyfield Marine's cash flow and/or approval by financial institutions
- (e) Redemption price per preference share : RM1.00
- (f) Dividends : No dividend
- (g) Conversion rights : Convertible at the option of Keyfield Marine, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Marine shall be exercised in respect of all holders of preference shares on a pro rata basis
- (h) Conversion mode : The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Marine
- (i) Conversion ratio : 1 preference share to 1 ordinary share
- (j) Conversion period : At any time commencing from the date of allotment and issuance of the preference shares
- (k) Ranking of the preference shares : The preference shares shall rank *pari passu* among themselves
- (l) Ranking of new shares pursuant to the conversion of the preference shares : The new shares to be issued upon conversion of the preference shares shall rank *pari passu* in all respects with the ordinary shares in Keyfield Marine
- (m) Voting rights of the preference shares holders : The preference shares shall not carry any right to vote at any general meeting of Keyfield Marine
- (n) Governing law : Malaysia

Keyfield Marine is our wholly-owned subsidiary. As at the LPD, Keyfield Marine does not have any subsidiaries or associated companies.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Marine. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.4.3 Keyfield Endeavour

Keyfield Endeavour was incorporated on 20 February 2020. Keyfield Endeavour's share capital as at the LPD is RM30,000,000 comprising 5,000,000 ordinary shares and 25,000,000 cumulative redeemable convertible preference shares ("Keyfield Endeavour CRCPS").

The details of changes to Keyfield Endeavour's issued share capital from date of incorporation up to the LPD are shown below:

(i) Ordinary shares

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
20 February 2020	1	Subscriber's share ⁽¹⁾	Cash	1
7 May 2021	4,499,999	Capitalisation of shareholder's advance ⁽²⁾	Otherwise than Cash	4,500,000
7 May 2021	500,000	Issue for cash	Cash	5,000,000

Notes:

- (1) The subscriber's share was allotted to Keyfield Offshore then transferred to Keyfield.
- (2) Out of the total amount of RM55.8 million owing by Keyfield Endeavour to our Company as at 30 April 2021, RM4.5 million was capitalised by way of issuance of 4,499,999 new ordinary shares in Keyfield Endeavour at an issue price of RM1.00 per ordinary share.

(ii) Keyfield Endeavour CRCPS

Our Company, Keyfield Offshore, Maltquest and Keyfield Endeavour had entered into a subscription agreement on 7 May 2021 ("Keyfield Endeavour Subscription Agreement"). The additional ordinary shares and Keyfield Endeavour CRCPS that have been subscribed pursuant to the Keyfield Endeavour Subscription Agreement are set out in the table below, have been allotted and issued to our Company, Keyfield Offshore and Maltquest on 7 May 2021.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
7 May 2021	22,500,000	Capitalisation of shareholder's advance ⁽¹⁾	Otherwise than Cash	22,500,000
7 May 2021	2,500,000	Issue for cash	Cash	25,000,000

Note:

- (1) Out of the total amount of RM55.8 million owing by Keyfield Endeavour to our Company as at 30 April 2021, RM22.5 million was capitalised by way of issuance of 22,500,000 Keyfield Endeavour CRCPS at an issue price of RM1.00 per Keyfield Endeavour CRCPS.

Further, our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquet had, by way of a letter of shareholders' loan dated 7 May 2021, agreed for our Company and Maltiquet to provide a shareholders' loan amounting to RM30.0 million to Keyfield Endeavour ("Letter of Shareholders' Loan"), in the amount and proportion as set out in the table below. The shareholders' loan of RM30.0 million is to finance the settlement of the acquisition of Falcon and the mobilisation cost and equipment purchase for Falcon.

Maltiquet was incorporated in Malaysia on 8 November 2017 as a private limited company under the name of Gerbang Stabil Sdn Bhd. On 21 September 2018, it adopted its present name. Its principal activities are investment holding and property investment. As at LPD, the paid-up capital of Maltiquet is RM9,500,000 comprising 1,000,000 ordinary shares and 8,500,000 preference shares. The sole director and shareholder of Maltiquet is Mohamad Zaidee Bin Abang Hipni.

The total investment in Keyfield Endeavour arising from the Keyfield Endeavour Subscription Agreement and Letter of Shareholders' Loan is as follows:

	Our Company's and Keyfield Offshore's⁽¹⁾ portion RM'000	Maltiquet's portion RM'000	Total RM'000
Ordinary shares	4,500	500	5,000
Keyfield Endeavour CRCPS	22,500	2,500	25,000
Shareholders' loan	27,000	3,000	30,000
Total	54,000	6,000	60,000

Note:

- (1) Save for 1 ordinary share of Keyfield Endeavour which has already been issued to our Company as at LPD, all the new ordinary shares and Keyfield Endeavour CRCPS arising from the Keyfield Endeavour Subscription Agreement have been allotted and issued on 7 May 2021.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

The above investment in Keyfield Endeavour is for the cost of acquisition of Falcon. Please refer to Section 6.4.1.1(iii) for further details on the source of funding for the acquisition of Falcon.

The salient terms of the Keyfield Endeavour CRCPS are set out below:

(a)	Issue price per preference share	:	RM1.00
(b)	Total number of preference shares to be issued	:	25,000,000
(c)	Tenure	:	No fixed tenure
(d)	Redemption	:	Redeemable at the option of Keyfield Endeavour at any time after the preference shares are issued, upon Keyfield Endeavour giving to the holders of the preference shares not less than 1 month's notice in writing of its intention to redeem stating the number of preference shares to be redeemed and the date fixed for redemption. Any redemption by Keyfield Endeavour shall be done in proportion to the shareholding of all preference shares holder.
			The redemption is subject to Keyfield Endeavour's cash flow and/or approval by lenders
(e)	Redemption price per preference share	:	RM1.00
(f)	Dividends	:	The preference shares carry a 2% annual dividend, cumulative, payable when cash flow permits and/or no restriction from lenders and payable annually in arrears on the anniversary date of allotment of the preference shares
(g)	Conversion rights	:	Convertible at the option of Keyfield Endeavour, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Endeavour shall be exercised in respect of all holders of preference shares on a pro rata basis
(j)	Conversion mode	:	The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Endeavour
(h)	Conversion ratio	:	1 preference share to 1 ordinary share

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

(i)	Conversion period	:	At any time commencing from the date of allotment and issuance of the preference shares
(k)	Ranking of the preference shares	:	The preference shares shall rank <i>pari passu</i> among themselves
(l)	Ranking of new shares pursuant to the conversion of the preference shares	:	The new shares to be issued upon conversion of the preference shares shall rank <i>pari passu</i> in all respects with the ordinary shares in Keyfield Endeavour
(m)	Issuance of further preference shares	:	In the event that there remains any outstanding shareholders' loan owing by Keyfield Endeavour to our Company and Maltquest upon the expiry of 1 year period from the date of the Keyfield Endeavour Subscription Agreement, Keyfield Endeavour shall issue new preference shares ranking <i>pari passu</i> with the existing preference shares in Keyfield Endeavour to settle all such outstanding shareholders' loan
(n)	Voting rights of the preference shares holders	:	The preference shares shall not carry any right to vote at any general meeting of Keyfield Endeavour
(o)	Governing law	:	Malaysia

Keyfield Endeavour is a 90%-owned subsidiary of our Company, with 1 ordinary share in Keyfield Endeavour owned by Keyfield Offshore. As at the LPD, Keyfield Endeavour does not have any subsidiaries or associated companies.

As at the LPD, save for as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Endeavour. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

14.4.4 Keyfield Resolute

Keyfield Resolute was incorporated on 26 March 2021 under the name of Lavin Vessel 1 Sdn Bhd to acquire Compassion and AF2. On 18 February 2022, Keyfield entered into the Third SPA with Lavin Group for the acquisition of Lavin Vessel 1 Sdn Bhd. Upon completion of the Third SPA, Lavin Vessel 1 Sdn Bhd had changed its name to Keyfield Resolute.

Keyfield Resolute's share capital as at the LPD is RM65,001,000 comprising 1,000 ordinary shares and 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Resolute NCRCPs").

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Details of changes to Keyfield Resolute's issued share capital from date of incorporation up to the LPD are shown below:

(i) Ordinary shares

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
26 March 2021	1,000	Issue for cash	Cash	1,000

(ii) Keyfield Resolute NCRCPs

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
18 February 2022	65,000,000	Capitalisation of shareholder's advance ⁽¹⁾	Otherwise than Cash	65,000,000

Note:

- (1) On 18 February 2022, Keyfield entered into the Capitalisation Agreement with Lavin Group and Keyfield Resolute to capitalise the amount owing by Keyfield Resolute to Lavin Group amounting to RM65.0 million via the issuance of 260,000,000 Keyfield CRNCPS by Keyfield to Lavin Group at the issue price of RM0.25 per Keyfield CRNCPS.

This has resulted in an amount of RM65.0 million owing by Keyfield Resolute to Keyfield, which was then capitalised via the issuance of 65,000,000 Keyfield Resolute NCRCPs at the issue price of RM1.00 per share by Keyfield Resolute to Keyfield.

The salient terms of the Keyfield Resolute NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00 per preference share
- (b) Total number of preference shares to be issued : 65,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Redeemable at the option of Keyfield Resolute at any time after the preference shares are issued
- (e) Redemption price per preference share : RM1.00

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(f)	Dividends	:	No dividend
(g)	Conversion rights	:	Convertible at the option of Keyfield Resolute, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Resolute shall be exercised in respect of all holders of preference shares on a pro rata basis
(h)	Conversion mode	:	The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Resolute
(i)	Conversion ratio	:	1 preference share to 1 ordinary share
(j)	Conversion period	:	At any time commencing from the date of allotment and issuance of the preference shares
(k)	Ranking of the preference shares	:	The preference shares shall rank <i>pari passu</i> among themselves
(l)	Ranking of new shares pursuant to the conversion of the preference shares	:	The new shares to be issued upon conversion of the preference shares shall rank <i>pari passu</i> in all respects with the ordinary shares in Keyfield Resolute
(m)	Voting rights of the preference shares holders	:	The preference shares shall not carry any right to vote at any general meeting of Keyfield Resolute
(n)	Governing law	:	Malaysia

Keyfield Resolute is our wholly-owned subsidiary. As at the LPD, Keyfield Resolute does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Resolute. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.4.5 Keyfield Serenity

Keyfield Serenity was incorporated on 12 January 2022 to facilitate the acquisition of Grace.

Keyfield Serenity's share capital as at the LPD is RM65,100,000 comprising 100,000 ordinary shares and 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Serenity NCRCPs").

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Details of changes to Keyfield Serenity's issued share capital from date of incorporation up to the LPD are shown below:

(i) Ordinary shares

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
12 January 2022	100,000	Subscriber's shares	Cash	100,000

(ii) Keyfield Serenity NCRCPs

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
18 February 2022	65,000,000	Capitalisation of shareholder's advance ⁽¹⁾	Otherwise than Cash	65,000,000

Note:

- (1) On 18 February 2022, Keyfield Serenity had entered into the Stratos MOA with Stratos Vessel to acquire Grace for a total purchase consideration of RM65.0 million. The acquisition was fully satisfied via the issuance of 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 per Keyfield CRNCPS by Keyfield to Stratos Private Equity, the holding company of Stratos Vessel.

This has resulted in an amount of RM65.0 million owing by Keyfield Serenity to Keyfield, which was then capitalised via the issuance of 65,000,000 Keyfield Serenity NCRCPs at the issue price of RM1.00 per share by Keyfield Serenity to Keyfield.

The salient terms of the Keyfield Serenity NCRCPs are set out below:

- (a) Issue price per preference share : RM1.00
- (b) Total number of preference shares to be issued : 65,000,000
- (c) Tenure : No fixed tenure
- (d) Redemption : Redeemable at the option of Keyfield Serenity at any time after the preference shares are issued

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(e)	Redemption price per preference share	:	RM1.00
(f)	Dividends	:	No dividend
(g)	Conversion rights	:	Convertible at the option of Keyfield Serenity, at any time during the conversion period, into such number of fully-paid ordinary shares. Any conversion by Keyfield Serenity shall be exercised in respect of all holders of preference shares on a pro rata basis
(h)	Conversion mode	:	The conversion of the preference shares will not require any cash payment from the preference shares holders. The conversion price shall be satisfied by the preference shares holders surrendering the requisite number of preference shares for cancellation by Keyfield Serenity
(i)	Conversion ratio	:	1 preference share to 1 ordinary share
(j)	Conversion period	:	At any time commencing from the date of allotment and issuance of the preference shares
(k)	Ranking of the preference shares	:	The preference shares shall rank <i>pari passu</i> among themselves
(l)	Ranking of new shares pursuant to the conversion of the preference shares	:	The new shares to be issued upon conversion of the preference shares shall rank <i>pari passu</i> in all respects with the ordinary shares in Keyfield Serenity
(m)	Voting rights of the preference shares holders	:	The preference shares shall not carry any right to vote at any general meeting of Keyfield Serenity
(n)	Governing law	:	Malaysia

Keyfield Serenity is our wholly-owned subsidiary. As at the LPD, Keyfield Serenity does not have any subsidiaries or associated companies.

As at the LPD, save as disclosed above, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Serenity. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.4.6 Keyfield Geomarine

Keyfield Geomarine was incorporated on 1 November 2021 to undertake the provision of geomarine support services.

Keyfield Geomarine's share capital as at the LPD is RM10,000 comprising 10,000 ordinary shares.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Details of changes to Keyfield Geomarine's issued share capital from date of incorporation up to the LPD are shown below:

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
1 November 2021	10,000	Subscribers' shares	Cash	10,000

Keyfield Geomarine is our 51.0%-owned subsidiary. The remaining 49.0% is owned by Helms Geomarine Sdn Bhd. As at the LPD, Keyfield Geomarine does not have any subsidiaries or associated companies.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Keyfield Geomarine. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

14.4.7 Naka Bayu

Naka Bayu was incorporated on 17 June 2016. Naka Bayu's share capital as at the LPD is RM250,000 comprising 250,000 ordinary shares.

The details of changes to Naka Bayu's issued share capital from date of incorporation up to the LPD are shown below:

Date of allotment	No. of share	Nature of transaction	Consideration	Cumulative issued share capital of share (RM)
17 June 2016	2	Subscribers' shares	Cash	2
20 July 2016	49,998	Issue for cash	Cash	50,000
10 October 2016	200,000	Issue for cash	Cash	250,000

As at the LPD, we own 49.0% equity interest in Naka Bayu. The remaining shareholders of Naka Bayu are Tunku Azlan Bin Tunku Aziz (30.0%) and Mohd Erwan (21.0%). As at the LPD, Naka Bayu does not have any subsidiaries or associated companies.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Naka Bayu. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

14.5 CONSENTS

- (i) The written consents of the Principal Adviser, Underwriter, Joint Placement Agents, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue and have not subsequently been withdrawn;
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Reporting Accountants' reports relating to the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue and have not subsequently been withdrawn; and
- (iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report titled "Independent Market Research Report on the Accommodation Vessel Chartering Market, particularly on the Accommodation Work Boat Chartering Market in Malaysia", in the form and context in which they are contained in this Prospectus have been given before the issue and have not been subsequently withdrawn.

14.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date:

- (i) Constitution of our Company;
- (ii) The audited financial statements of the Keyfield and its subsidiaries for the FYEs 2020, 2021, 2022 and FPE Sep 2023;
- (iii) The Accountants' Report as set out in Section 12;
- (iv) The Reporting Accountants' reports relating to our Pro Forma Consolidated Statements of Financial Position as set out in Section 13;
- (v) The IMR Report as set out in Section 7;
- (vi) The material contracts as set out in Section 6.16;
- (vii) The letters of consent as set out in Section 14.5; and
- (viii) The By-Laws as set out in Annexure A.

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14. STATUTORY AND OTHER INFORMATION (*Cont'd*)

14.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 26 MARCH 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 3 APRIL 2024

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.2.2 Placement**

Types of Application	Application Method
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY**15.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by our eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group

Our eligible Directors, employees and crew members as well as persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.90 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO 760"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) Despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in box provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 3 April 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) Reject Applications which:
 - (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) Are illegible, incomplete or inaccurate; or
 - (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <http://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and crew members as well as persons who have contributed to the success of our Group, subject the underwriting arrangements and reallocation as set out in Section 4.11 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

ANNEXURE A: BY-LAWS FOR THE ESOS

**KEYFIELD INTERNATIONAL BERHAD
EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

1. NAME OF SCHEME

This ESOS shall be called the "Keyfield International Berhad's ESOS".

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (herein defined) to the corporate goals of Keyfield Group. The ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Keyfield Group;
- (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Keyfield Shares, upon exercising of the ESOS Options.

In addition, Keyfield will be able to utilise the proceeds from the exercise of the ESOS Options for its working capital purposes, which is expected to finance the Group's day-to-day operations, amongst others, repayment to trade creditors as well as general expenses such as traveling, staff training, rental of offices and utilities.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these ESOS By-laws, the following terms shall, unless the context otherwise requires, have the following meanings:

- "Act" : The Companies Act, 2016 and any amendments made thereto from time to time.
- "Adviser" : Adviser in relation to a listed issuer, means a person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines and any amendments made thereto from time to time.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

"Auditors"	:	The external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
"Board"	:	Board of Directors of Keyfield, as may be constituted from time to time.
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)).
"By-laws"	:	The rules, terms and conditions of the scheme as set out herein, and shall include any amendments or variations made thereto from time to time.
"Calendar Days"	:	Means days according to the Gregorian calendar and not working days.
"CDS"	:	Central Depository System.
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor.
"Central Depositories Act"	:	The Securities Industry (Central Depositories) Act 1991 and any amendments made thereto from time to time.
"Constitution"	:	Constitution of the Company, as amended from time to time.
"Date of Acceptance"	:	The date where the ESOS Committee receives written notice from an Eligible Person accepting an Offer.
"Date of Offer"	:	The date on which an Offer is made to an Eligible Person by the ESOS Committee from time to time during the Option Period to participate in the ESOS in accordance with the By-laws.
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto.
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)).
"Director(s)"	:	All directors of Keyfield and its Subsidiaries, which are not dormant, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 including non-executive directors.
"Effective Date"	:	The date on which the ESOS is implemented in accordance with the ESOS By-laws as provided in ESOS By-law 4.1 and By-law 21.
"Eligible Person(s)"	:	A natural person who is a Director or an employee of the Group (which are not dormant companies) and who meets the criteria of eligibility for participation in the ESOS as stipulated under ESOS By-law 5 and subject to ESOS By-law 5.3.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

"ESOS"	: The employee share option scheme for the grant of Options to Eligible Persons to subscribe for new Keyfield Shares upon the terms as set out herein, such scheme to be known as the "Keyfield International Berhad Employees' Share Option Scheme".
"ESOS Committee"	: The committee comprising Directors and Key Management appointed by the Board to administer the ESOS of the Company and governed by the By-laws. For the avoidance of doubt, no Director and/or senior management shall participate in the deliberation or discussion on their own ESOS allocation.
"ESOS Option(s)" or "Option(s)"	: The right of a Grantee to subscribe for one (1) Keyfield Share at the Subscription Price pursuant to an Offer duly accepted by the Grantee in the manner indicated under ESOS By-law 8.
"Grantee(s)"	: Any Eligible Person who has accepted the Offer in the manner as stipulated under the ESOS By-law 8.
"Keyfield" or "Company"	: Keyfield International Berhad (Registration No. 202001038989 (1395310-M)).
"Keyfield Group" or "Group"	: Keyfield and its Subsidiaries and associated company, collectively.
"Keyfield Share(s)" or "Share(s)"	: Ordinary shares in Keyfield.
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time.
"Market Day(s)"	: Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for official trading of securities.
"Maximum Allowable Allotment"	: The maximum number of new Keyfield Shares that may be offered and allotted to an Eligible Person in accordance with the provisions of ESOS By-law 6.
"Maximum ESOS Limit"	: Shall have the meaning ascribed to it under By-law 4.1 hereof.
"Offer"	: A written offer, made by the ESOS Committee from time to time to the Eligible Persons to participate in the ESOS in the manner indicated under ESOS By-law 7.
"Option Period"	: The period commencing from the Date of Offer until the expiry date and/or termination of the ESOS or such other date as may be specifically stated in such Offer for an Eligible Person to exercise the Options provided that no Option Period shall extend beyond the duration of ESOS referred to under ESOS By-law 21 hereof or in the event of a termination of the ESOS, the date of termination of the ESOS.
"Person(s) Connected"	: Person connected as defined in Paragraph 1.01 of the Listing Requirements.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

"RM" and "sen"	: Ringgit Malaysia and sen respectively.
"Subscription Price"	: The price at which the Grantee shall be entitled to subscribe for each new Keyfield Share as calculated in the manner indicated under ESOS By-law 9.
"Subsidiary"	: Any company which is a subsidiary of Keyfield within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include any Subsidiary existing as at the Effective Date and any Subsidiary incorporated or acquired at any time during the tenure of the ESOS but excludes subsidiaries which are dormant or have been divested in the manner provided in ESOS By-law 24, and "Subsidiaries" shall be construed accordingly.
VWAMP	Volume weighted average market price.

In these ESOS By-laws:

- 3.2 Any reference to any statute or any statutory provision shall include any regulations and other subordinate legislation made from time to time under that statute or statutory provision and any Listing Requirements, policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- 3.3 Any reference to any statute or any statutory provision shall include that statute or statutory provision as from time to time modified or re-enacted whether before or after the date of these ESOS By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted within the duration of the ESOS and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 3.4 Words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- 3.5 Words denoting the masculine gender include the feminine and neuter gender and all such words shall be construed interchangeably in that manner;
- 3.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's discretion;
- 3.7 The term 'month' means a Gregorian calendar month;
- 3.8 The headings in these ESOS By-laws are inserted for convenience of reference only and shall be ignored in the interpretation and construction of the provisions herein contained; and
- 3.9 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

4. MAXIMUM NUMBER OF NEW KEYFIELD SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of new Keyfield Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the ESOS shall not exceed in aggregate fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS as provided in ESOS By-law 21 ("**Maximum ESOS Limit**").
- 4.2 Notwithstanding ESOS By-law 4.1 or any other provision herein contained, in the event the maximum number of new Keyfield Shares comprised in the Options granted under the ESOS exceeds the aggregate of fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own shares pursuant to Section 127 of the Act or the Company undertakes any other corporate proposal and thereby resulting in the total number of Shares to be issued under the ESOS exceeding fifteen per cent (15%) of the total number of issued shares of the Company, then,
- (a) such Options granted prior to the adjustment of the total number of issued shares of the Company (excluding treasury shares) shall remain valid and exercisable in accordance with the provisions of this ESOS By-laws; and
 - (b) no further Options shall be offered until the total number of new Keyfield Shares comprised in the Options granted or to be granted under the ESOS falls below fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares).
- 4.3 The Company will within the duration of the ESOS keep available sufficient unissued Keyfield Shares in the capital of the Company to satisfy all outstanding ESOS Options, which may be exercised in accordance with this ESOS By-laws.
- 4.4 Each ESOS Option shall be exercisable into one new Keyfield Share(s), in accordance with the provisions of this ESOS By-laws.

5. DETERMINATION OF ELIGIBILITY

- 5.1 Any Director or employee including crew members of any company comprised in the Group which is not dormant shall be eligible to be considered for the offer of Options under the ESOS provided that:
- (a) the Director or employee shall have attained the age of eighteen (18) years on the Date of Offer and are neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) the Director or employee must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
 - (c) the Director or employee must have been confirmed in service; and
 - (d) in respect of crew members who are serving short term employment contract, he must have served at least 100 days in a calendar year and been with our Group for at least 3 years.
- 5.2 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered Options, and the decision of the ESOS Committee is final and binding.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 5.3 In addition to the foregoing, where the Directors are eligible to participate in the ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in general meeting.
- 5.4 No Eligible Person shall at any one point in time participate or be eligible to participate in more than one (1) share option scheme or share grant scheme (in any form or manner, and local or foreign) implemented by any corporation within the Keyfield Group.
- 5.5 In determining the eligibility and allocation of an Eligible Person to participate in the ESOS, the ESOS Committee will take into account amongst others, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-laws or such other factors that the ESOS Committee deems relevant. Selection for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee.
- 5.6 Eligibility under the ESOS shall not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not have any rights to acquire or have any rights over or in connection with the Options or the new Keyfield Shares comprised therein unless an Offer has been made in writing by the ESOS Committee to the Eligible Person under ESOS By-law 7 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.
- 5.7 A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons.
- 5.8 An employee who during the duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee) subject to the Maximum Allowable Allotment for the category to which he has been admitted.
- 5.9 The allotment of Options under By-law 5.8 shall be from the balance of the Options available under the Scheme subject to the provisions of By-law 4.1.

6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

- 6.1 Subject to any adjustment which may be made under ESOS By-law 17, the aggregate number of new Keyfield Shares that may be offered under the Options and allotted and issued to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in the By-laws or such other factors that the ESOS Committee may deem relevant subject to the following:
 - (a) the aggregate number of new Shares to be issued pursuant to the exercise of the ESOS Options granted under the ESOS shall not exceed the Maximum ESOS Limit and the ESOS Committee shall not be obliged in any way to offer an eligible Director or employee the ESOS Options for all the specified maximum number of Shares the eligible Director or employee is entitled to under the ESOS;
 - (b) any offer, allocation of ESOS Options under the ESOS and the related allotment of Shares to any eligible Directors, major shareholders who are employees of the Group or the chief executive officer of our Company and any person connected with them who is an employee of our Group shall require prior approval of the shareholders of the Company in a general meeting, and they shall not vote on the resolution approving their respective offer, allocation and allotment;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (c) that the Directors and key senior management do not participate in the deliberation or discussion of their own allocation and/or allocation of ESOS Options to Person Connected with them under the ESOS;
- (d) the allocation to the Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds twenty per cent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per cent (10%) of the total number of the new Keyfield Shares to be issued under the ESOS;
- (e) any performance target to be achieved before the ESOS Options can be granted and/or exercised by an eligible Director or employee shall be determined by the ESOS Committee; and
- (f) Not more than fifty per cent (50%) of the total number of new Keyfield Shares available under the ESOS shall be allocated in aggregate to the Directors and senior management of Keyfield and its subsidiaries, which are not dormant, on the basis that they are crucial to the performance of Keyfield Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether:

- (a) the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant; and
 - (b) the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to achievement of performance targets.
- 6.2 The number and allocation of Options so offered pursuant to the ESOS and the new Shares arising from the exercise of the Options shall be verified by the ESOS Committee.
- 6.3 At the time the Offer is made in accordance with ESOS By-law 7, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person in the differing categories or grades.
- 6.4 Any Eligible Person who holds more than one (1) position within the Keyfield Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 In the event that an Eligible Person is promoted, the ESOS Committee shall have the sole and absolute discretion in determining the Maximum Allowable Allotment applicable to such Eligible Person, subject always to the availability of the Options and the maximum number of Keyfield Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 6.6 An Eligible Person who is demoted to a lower grade for any reason whatsoever shall only be entitled to such Maximum Allowable Allotment corresponding to such demoted category unless the Offer has been made and accepted by him before such demotion, subject always to the maximum number of Keyfield Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1 and where the demoted Eligible Person has accepted the Offer which exceeds the Maximum Allowable Allotment under the category of Employees to which such Eligible Person has been demoted, such Eligible Person shall not be entitled to further allocation under such category.
- 6.7 The ESOS Committee or the Board may in its discretion introduce additional category or grades of Employees as it deems necessary during the duration of the ESOS.

7. OFFER OF OPTIONS

- 7.1 (a) The ESOS Committee shall, within the duration of the ESOS as specified in ESOS By-law 21 hereof, make Offers to any Eligible Person whom the ESOS Committee may in its sole and absolute discretion determine in accordance with the terms of the ESOS.
- (b) Notwithstanding subsection (a) above, where it involves an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Options shall be decided by the Board but carried out by the ESOS Committee. However, if a Board member is made an Offer under this By-laws, the said Board member shall abstain from any decision or discussion pertaining to his allotment of Options.
- 7.2 The actual number of new Keyfield Shares which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and, subject to any adjustment that may be made under ESOS By-law 17, shall be in multiples of and not be less than one hundred (100) Keyfield Shares, but subject to the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.3 Subject to ESOS By-law 4, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new Keyfield Shares to be offered to the Eligible Person (inclusive of Keyfield Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.4 No Options will be granted to any Director or a chief executive or a major shareholder of Keyfield and/ or a Person Connected with a Director or a chief executive or a major shareholder of the Company, who is an Eligible Person, unless the grant of Options to them shall have been previously approved by the shareholders of the Company in general meeting of which they shall not vote on the resolution approving their respective offer, allocation and allotment.
- 7.5 Any Offer made by the ESOS Committee shall be made in writing. Such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 7.6 Unless otherwise approved in writing by the ESOS Committee in its absolute discretion, any Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Keyfield Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in ESOS By-law 8 hereof.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 7.7 The ESOS Committee shall in its letter of offer ("**Offer Letter**") to an Eligible Person set out (amongst others) the number of new Keyfield Shares that may be subscribed for under the Offer, the Maximum Allowable Allotment, the Subscription Price, Option Period, the closing date for acceptance of the Offer, the manner of exercise of the Options and vesting period or vesting conditions of the ESOS Options offered, if any.
- 7.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allotment, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Subscription Price.
- 7.9 Without prejudice to ESOS By-law 18, in the event the Offer Letter contains an error on the part of the Company in stating any of the particulars in ESOS By-law 7.7 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Options which have already been exercised as at the date of the revised Offer Letter.

8. ACCEPTANCE OF OFFER

- 8.1 The Offer to participate in the ESOS shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee in on a case-to-case basis at its discretion ("**Prescribed Period**").
- 8.2 If an Eligible Person wishes to accept the Offer made to it under ESOS By-law 8.1, he shall do so within the Prescribed Period by a written notice to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by a payment to the Company of a nominal non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options pursuant to the Offer. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 8.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the Prescribed Period be deemed rejected by the Eligible Person and shall automatically lapse and shall be null and void and be of no further effect, and the Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

9. SUBSCRIPTION PRICE

Subject to any adjustments in accordance with ESOS By-law 17, the Subscription Price shall be determined by the Board upon recommendation of the ESOS Committee and shall be fixed based on the 5-day VWAMP of Keyfield Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer with a discount of not more than ten per cent (10%) to the said price, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

The Subscription Price as determined by the Board upon recommendation of the ESOS Committee which shall be conclusive and binding on the Grantee.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

10. EXERCISE OF OPTIONS

- 10.1 Subject to ESOS By-law 8, the Options granted to an Eligible Person pursuant to an Offer under the ESOS is exercisable by the Eligible Person in full or by such lesser number as the Eligible Person may be entitled under the Options at any time during the Option Period.

If the Options in an Offer are exercisable in such lesser number by the Eligible Person during the Option Period, the remaining number can be exercised by him from time to time during his lifetime whilst the Grantee is in the employment of the Keyfield Group within the Option Period.

- 10.2 Subject to any adjustments in accordance with ESOS By-law 17, the ESOS Committee may, at any time and from time to time after the Options are granted pursuant to ESOS By-law 7, within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of ESOS By-law 17.
- 10.3 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Options. If the Options are exercised in respect of such lesser number as the Grantee may so decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) Keyfield Shares. Such partial exercise of the Options shall not preclude the Grantee from exercising the Options as to the balance thereof at any time in the future but within the Option Period. In the event the balance of Keyfield Shares exercisable by a Grantee in accordance with these ESOS By-laws shall be less than one hundred (100) Keyfield Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.4 Every such notice to exercise the Options shall be accompanied by a remittance for the full amount of the Subscription Price monies in relation to the number of Keyfield Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new Keyfield Shares to the Grantee in accordance with the provisions of the Constitution, the Central Depositories Act and the Depository Rules, despatch the notice of allotment to the Grantee and make an application for the listing and quotation for the new Keyfield Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 10.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the notice of exercise referred to in ESOS By-law 10.3 or inaccuracy in the information provided shall result in the notice of exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the said notice within fourteen (14) Calendar Days from the date of the rejection and the Grantee shall be deemed not to have exercised his Options.
- 10.6 The Grantee who exercises his Options shall provide the ESOS Committee with his CDS Account number in the notice referred to in ESOS By-law 10.3. The new Keyfield Shares to be issued pursuant to the exercise of the Options will be credited directly into the CDS Account of the Grantee and a notice of allotment and issuance stating the number of new Keyfield Shares credited into the CDS Account will be issued to the Grantee and no physical share certificate will be issued.
- 10.7 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse and have no further effect.
- 10.8 An eligible Director who is a non-executive Director in the Company shall not sell, transfer or assign the Keyfield Shares obtained through the exercise of Options offered to him within one (1) year from the Date of Offer pursuant to the Listing Requirements as amended from time to time or other prevailing applicable guidelines.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 10.9 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee.
- 10.10 The Company, the Board (including Directors of Keyfield who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new Keyfield Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
 - (b) any delay in crediting the said new Keyfield Shares into the CDS Account of the Grantee with the Nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.
- 10.11 Every Option shall be subject to the condition that no new Keyfield Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

11. NON-TRANSFERABILITY, TERMINATION OF OPTIONS AND SUSPENSION

- 11.1 An Option is personal to the Grantee and subject to ESOS By-law 11.2 is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any Group company and within the Option Period.
- 11.2 In the event of the cessation of employment of a Grantee with the Keyfield Group for whatever reason prior to the exercise of his Options or prior in full exercise of his Options, such Options shall cease immediately on the date of such cessation without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion if such cessation occurs by reason of:-
- (a) retirement on attaining the retirement age under the Keyfield Group's policy;
 - (b) retirement before attaining the normal retirement age but with the consent of the Board;
 - (c) redundancy or any voluntary separation scheme;
 - (d) ill-health, injury, physical or mental disability; or
 - (e) any other circumstances which are acceptable to the ESOS Committee, such Options shall remain exercisable during the Option Period.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

- 11.3 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the option.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 11.4 In the event of the death or termination of employment of a Grantee with the Keyfield Group for whatsoever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith become void and cease to have further effect and the Keyfield Shares in respect of such Options may be re-offered to other Eligible Persons at the absolute discretion of the ESOS Committee.
- 11.5 The Option shall immediately become void and of no effect upon the following circumstances:
- (a) the bankruptcy of the Grantee or the Grantee being adjudicated a bankrupt; or
 - (b) a disciplinary action is taken on the Grantee pursuant to ESOS By-law 11.6; or
 - (c) any other circumstances as may be determined by the ESOS Committee.
- 11.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee or are found to have had no basis or justification), the ESOS Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise the Grantee's Option(s) pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge(s) which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise the Grantee's Option(s) as if such disciplinary proceeding had not been instituted in the first place;
 - (b) in the event such Grantee is found guilty of the charge(s) and the same results in the dismissal or termination of service of such Grantee, the Option(s) shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; or
 - (c) in the event such Grantee is found guilty of the charge(s) but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's Option(s) and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
 - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice.
- 11.7 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company PROVIDED ALWAYS THAT, subject to the written approval of the ESOS Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period and shall not be later than twelve (12) months after the date of his death.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 11.8 If the ESOS Committee in its absolute discretion determine that a Subsidiary is not an eligible Subsidiary for purposes of the ESOS, a Grantee who was in the employment of such Subsidiary and who has not yet exercised the Options shall not be entitled to exercise such Options unexercised on the date such Subsidiary is determined by the ESOS Committee not to be eligible unless the ESOS Committee otherwise decides. Such Grantee shall not be eligible to participate in any further Options. Where the ESOS Committee decides not to allow the Grantee to exercise such Options which is unexercised on the date such Subsidiary is no longer eligible as an eligible Subsidiary, then the Keyfield Shares in respect of such unexercised Options may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.
- 11.9 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse and cease to be valid and be null and void.

12. TAKE OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

- 12.1 Notwithstanding ESOS By-law 10 and ESOS By-law 21 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:
- (a) a take-over offer being made for the Company, under the Capital Markets and Services Act, 2007, Rules on Takeovers, Mergers and Compulsory Acquisitions 2016 and the Malaysian Code on Take-Overs and Mergers 2016 (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the "person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror) and such offer becoming or being declared unconditional, a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of the Grantee's Options and the Directors of Keyfield shall use their best endeavours to procure that such a general offer be extended to the new Keyfield Shares that may be issued pursuant to the exercise of the Options under these ESOS By-laws; and
 - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Keyfield Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date ("**Specific Date**"), a Grantee who is holding outstanding exercisable Options will be entitled to exercise all or any part of the Grantee's Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

In the foregoing circumstances, if the Grantee fails to exercise his Options or elects to exercise only in respect of a portion of such Keyfield Shares, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

- 12.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised ESOS Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

13. RANKING OF THE NEW KEYFIELD SHARES

The new Keyfield Shares to be allotted and issued upon the exercise of the Options under the ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued share capital of the Company except that the new Keyfield Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the Record of Depositors maintained with the Depository in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new Keyfield Shares and will be subject to all the provisions of the Constitution of the Company and Listing Requirements relating to transfer, transmission or otherwise of the Keyfield Shares.

14. RETENTION/RESTRICTION PERIOD OF KEYFIELD SHARES

Save for ESOS By-Law 10.8, the new Keyfield Shares allotted and issued to a Grantee pursuant to the exercise of the Options will not be subject to any retention period or restriction on transfer, disposal and/ or assignment. However, the Company encourages Grantees to hold the new Keyfield Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the new Keyfield Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for immediate realisation to yield a profit.

A Grantee who is a non-executive director of the Keyfield Group must not sell, transfer or assign new Keyfield Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer of such Options.

15. QUOTATION FOR THE NEW KEYFIELD SHARES

The new Keyfield Shares (if any) to be allotted and issued to the Grantee pursuant to the exercise of the Options will not be listed or quoted on Bursa Securities, until the Options are exercised in accordance with ESOS By-law 10 whereupon the Company shall, subject to it having obtained the prior written approval of Bursa Securities and/or other relevant authorities, and making applications to Bursa Securities for the listing and quotation for such additional Keyfield Shares on Bursa Securities, use its best endeavour to obtain permission for dealing therein.

16. OBLIGATION OF COMPANY AS REGARD TO SHARE CAPITAL

The Company shall during the Option Period keep available sufficient approved new Keyfield Shares in the share capital of the Company to satisfy all outstanding Options granted under the ESOS throughout the duration of the ESOS.

17. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (i) the Subscription Price;
- (ii) the number of new Keyfield Shares comprised in the Options by an Offer or any portion thereof which have not been exercised; and /or
- (iii) the number of new Keyfield Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the ESOS),

and shall be adjusted in accordance with the following formula:

- (a) If and whenever the Company shall make any issue of new Keyfield Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \frac{A+B}{A} \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Keyfield Shares immediately before such capitalisation issue;
- B = the aggregate number of Keyfield Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Options held.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (b) If and whenever the Company shall make:
 - (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Keyfield Shares by way of rights; or
 - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares,

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in ESOS By-law 15.1(b)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left[\frac{C}{C-D^*} \right] \right] - T$$

where:

T = T in ESOS By-law 15.1(a);

C = the Current Market Price (as defined in ESOS By-law 17.1(g)) of each Keyfield Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for Keyfield Shares under ESOS By-law 17.1(b)(ii) above or for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares under ESOS By-law 17.1(b)(iii) above, the value of rights attributable to one (1) Keyfield Share (as defined below); or

(bb) in the case of any other transaction falling within ESOS By-law 17.1(b), the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to one (1) Keyfield Share.

For the purpose of definition (aa) of D above, the "value of rights attributable to one (1) Keyfield Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

C = C in ESOS By-law 17.1(b);

E = the subscription price for one (1) additional Keyfield Share under the terms of such offer or invitation or one (1) additional security convertible into Keyfield Shares or one (1) additional security with rights to acquire or subscribe for Keyfield Shares;

F = the number of Keyfield Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Keyfield Share or security convertible into Keyfield Shares or with right to acquire or subscribe for Keyfield Shares; and

D* = the value of the rights attributable to one (1) Keyfield Share (as defined below).

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

For the purpose of D* above, the "value of the rights attributable to one (1) Keyfield Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:-

C = C in ESOS By-law 17.1(b);

E* = the subscription price for one (1) additional Keyfield Share under the terms of such offer or invitation to acquire or subscribe for Keyfield Shares; and

F* = the number of Keyfield Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Keyfield Share.

For the purpose of ESOS By-law 17.1(b) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Keyfield Shares (other than an issue falling within ESOS By-law 17.1(a)) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(a)(ii) or ESOS By-law 17.1(a)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) above and also makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = B in ESOS By-law 17.1(a);

C = C in ESOS By-law 17.1(b);

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- G = the aggregate number of issued and fully paid-up Keyfield Shares on the entitlement date;
- H = the aggregate number of new Keyfield Shares under an offer or invitation to acquire or subscribe for Keyfield Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Keyfield Shares or rights to acquire or subscribe for Keyfield Shares, as the case may be;
- H* = the aggregate number of new Keyfield Shares under the offer or invitation to acquire or subscribe for Keyfield Shares by way of rights;
- I = the subscription price of one (1) additional Keyfield Share under the offer or invitation to acquire or subscribe for Keyfield Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Keyfield Share, as the case may be;
- I* = the subscription price of one (1) additional Keyfield Share under the offer or invitation to acquire or subscribe for Keyfield Shares; and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into Keyfield Shares or securities with rights to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = C in ESOS By-law 17.1(b);
- G = G in ESOS By-law 17.1(c);
- H = H in ESOS By-law 17.1(c);
- H* = H* in ESOS By-law 17.1(c);
- I = I in ESOS By-law 17.1(c);
- I* = I* in ESOS By-law 17.1(c);
- J = the aggregate number of Keyfield Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Keyfield Shares by the ordinary shareholders;

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Keyfield Share; and

T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) and also makes an offer or invitation to acquire or subscribe for Keyfield Shares to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Keyfield Shares as provided in ESOS By-law 17.1(b)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = T \times \frac{[(G + H^* + B) \times C]}{[(G \times C) + (H^* \times I^*)]} - T$$

where:

B = B in ESOS By-law 17.1(a);

C = C in ESOS By-law 17.1(b);

G = G in ESOS By-law 17.1(c);

H = H in ESOS By-law 17.1(c);

H* = H* in ESOS By-law 17.1(c);

I = I in ESOS By-law 17.1(c);

I* = I* in ESOS By-law 17.1(c);

J = J in ESOS By-law 17.1(d);

K = K in ESOS By-law 17.1(d); and

T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (f) If and whenever consolidation or subdivision or conversion of Shares occurs, the Subscription Price shall be adjusted in the following manner:

- (i) the Subscription Price shall be adjusted by multiplying it by the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion

$$\frac{L \times M}{N}$$

- (ii) the number of Options shall be adjusted by multiplying the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion

$$\frac{N \times O}{L}$$

where:

- L = the aggregate number of Keyfield Shares issued and fully paid-up immediately before such consolidation or subdivision or conversion;
- M = existing Subscription Price
- N = the aggregate number of Keyfield Shares immediately after such consolidation or subdivision or conversion.
- O = existing number of Options.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (g) For the purposes of ESOS By-laws 17.1(b), (c), (d) and (e) above, the "Current Market Price" in relation to one (1) Keyfield Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments must be confirmed in writing either by the Auditors or the Adviser for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) cent;
- (b) In the event that a fraction of a new Keyfield Share arising from the adjustment referred to in this ESOS By-law would otherwise be required to be issued upon the exercise of the Options by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (c) Upon any adjustment being made pursuant to this ESOS By-law, the ESOS Committee shall, within thirty (30) Calendar Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Keyfield Shares thereafter to be issued on the exercise of the Options; and

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- (d) Any adjustments made must be in compliance with the provisions for adjustment as provided in this ESOS By-law.

Nevertheless, any adjustments to the Subscription Price and/or the number of new Keyfield Shares comprised in the Options so far as unexercised arising from bonus issues, subdivision or consolidation of shares, need not be confirmed in writing by the Auditors or the Adviser (as the case may be) of the Company.

- 17.2 Save as expressly provided for herein, the Auditors or Adviser (as the case may be) must confirm in writing that the adjustments are in their opinion fair and reasonable and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.
- 17.3 The adjustment pursuant to this ESOS By-law shall be effective on the Market Day immediately following the entitlement date for the event giving rise to the adjustment.
- 17.4 No adjustments shall be made to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:
- (a) an issue of new Keyfield Shares or other securities convertible into Keyfield Shares or with rights to acquire or subscribe for Keyfield Shares in consideration or part consideration for an acquisition of any other securities, assets or business; or
 - (b) a special issue of new Keyfield Shares or other securities to Bumiputera investors nominated by the Ministry of International Trade and Industry and/or any other government authority to comply with Malaysian Government's policy on Bumiputera capital participation; or
 - (c) a private placement or restricted issue of new Keyfield Shares by the Company; or
 - (d) an issue of new Keyfield Shares arising from the exercise of any conversion rights in respect of any securities convertible into new Keyfield Shares including but not limited to warrants and convertible loan stocks; or
 - (e) an issue of new Keyfield Shares upon the exercise of Options granted under the ESOS; or
 - (f) a purchase by the Company of its own Keyfield Shares pursuant to Section 127 of the Act.
- 17.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, ESOS By-law 17.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.1 is applicable, but ESOS By-law 17.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.4 is applicable.
- 17.6 Notwithstanding the provision referred to in this ESOS By-law 17, in any circumstances where the Board consider that any adjustment to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof that is unexercised under the said provision should be adjusted or calculated on a different basis or date or should take effect on a different date or that an adjustment to the Subscription Price and/or the number of Keyfield Shares comprised in the Options or any portion thereof should be made notwithstanding that no such adjustment is required under the said provisions, the Company may but it is not obliged to appoint an Adviser and/or the Auditors to consider for any reason whatsoever the adjustment to

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

be made (or the absence of any adjustment) or the adjustment to be made in accordance with the provisions of this ESOS By-law 17 is appropriate or inappropriate, as the case may be and if such Adviser and/or the Auditors shall consider the adjustment to be inappropriate, that adjustment shall be modified or nullified (or an adjustment made even though not required to be made) in such manner as shall be considered by such Adviser and/or the Auditors to be in its opinion appropriate.

- 17.7 The decision of the Board as to whether any adjustment shall be made or not made to the Subscription Price and and/or the number of Keyfield Shares comprised in the Options or any portion thereof pursuant to this ESOS By-law 17 shall be binding, final and conclusive.

18. ADMINISTRATION OF THE SCHEME

The ESOS shall be administered by the ESOS Committee appointed by the Board. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person(s) in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board. The ESOS Committee may for the purpose of administering the ESOS do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company. The ESOS Committee shall comprise representative(s) from the Board and other persons appointed from time to time by the Board.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 Subject to ESOS By-law 19.2, ESOS By-law 19.3 and By-law 25, the ESOS Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of these ESOS By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these ESOS By-laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities each time an amendment is made, that the said amendment to the ESOS By-laws is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 19.2 Subject to ESOS By-law 19.3 and By-law 25, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these ESOS By-laws PROVIDED THAT no additions, amendments or deletions shall be made to these ESOS By-laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without his prior consent; or
 - (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (c) increase the number of Keyfield Shares available under the ESOS beyond the maximum imposed by ESOS By-law 4.1; or
 - (d) provide an advantage to any Grantee or group of Grantees or all Grantees.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 19.3 For the purposes of complying with the provisions of the Listing Requirements, ESOS By-laws 4.1, 5.1, 6.1, 8.2, 9, 10.1, 10.8, 12, 13, 17, 20, 21.3 and this ESOS By-law 19.3 respectively shall not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders in general meeting.

20. LIQUIDATION OF THE COMPANY

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this ESOS By-law 20). Each Grantee (or his or her legal personal representative(s)) shall thereupon be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

In the event that any order is made or a special resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect.

21. DURATION OF THE SCHEME

- 21.1 The Effective Date for the implementation of the ESOS shall be at the date of full compliance with all relevant requirements in the Listing Requirements including the following:
- (a) submission of the final copy of the ESOS By-laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (b) receipt of approval or approval-in-principle, as the case may be from Bursa Securities for the listing and quotation of the new Keyfield Shares to be issued pursuant to the exercise of Options granted under the ESOS;
 - (c) procurement of shareholders' approval for the ESOS;
 - (d) receipt of approval of any other relevant authorities (where applicable); and
 - (e) fulfilment of all conditions attached to the above approvals (if any).
- 21.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

- 21.3 Subject to ESOS By-law 25, the ESOS shall be in force for a period of five (5) years from the Effective Date and may be extended for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date ("**Date of Expiry**").

For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/ or Bursa Securities (if required).

- 21.4 In the event the Board elects to extend the ESOS for a further period of up to five (5) years as provided in By-law 21.3. The Board may resolve to extend the ESOS on or before the fifth (5th) anniversary of the Effective Date.
- 21.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

22. COSTS AND EXPENSES OF THE SCHEME

All fees and costs incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the issue and allotment of the new Keyfield Shares pursuant to the exercise of any Options, shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any Options under the ESOS.

23. DISPUTES/DIFFERENCES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties.

24. DIVESTMENT FROM AND TRANSFER TO/FROM THE KEYFIELD GROUP

- 24.1 If the Grantee who was in the employment of a company in the Keyfield Group which was subsequently divested from the Keyfield Group resulting in that company ceasing to be a Subsidiary, unless approved by the ESOS Committee in writing, the Options unexercised on the date of such company ceasing to be a Subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further Option(s) under the ESOS.
- 24.2 In the event that the Grantee is transferred from the Keyfield Group to any associated companies of the Keyfield Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 5 of the Act which provides that where a corporation (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other) of the Company which have an existing share option scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options held by such Grantee unexercised on the date of transfer shall be null and void and be of no effect.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

24.3 In the event that:

- (a) an employee who was employed in a company which is related to the Company pursuant to Section 5 of the Act (that is to say, a company which does not fall within the definition of "Keyfield Group") and is subsequently transferred from such company to any company within the Keyfield Group; or
- (b) an employee who was in the employment of a company which subsequently becomes a company within the Keyfield Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Keyfield Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining Option Period, if the affected employee becomes a "Eligible Person" within the meaning under these ESOS By-laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Keyfield Group pursuant to part (b) above as a Subsidiary or any other statutory regulation in place thereof during the tenure of the ESOS, the ESOS shall apply to the employees of such company on the date such company becomes a Subsidiary of the Company (provided that such Subsidiary is not dormant) falling within the meaning of the expression of "Eligible Person" under ESOS By-law 1 and the provisions of the ESOS By-laws shall apply.

25. TERMINATION OF THE SCHEME

25.1 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Company may terminate the continuation of this ESOS and no further Offers shall be made by the ESOS Committee. For the avoidance of doubt, this By-law 25 shall prevail over the requirements under By-law 19.

All Offers outstanding but not yet accepted by the Eligible Person at the date of the said resolution shall automatically lapse or cease to have effect as at the date of the resolution and the Options yet to be exercised shall automatically lapse or cease to have any effect from the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled. The ESOS shall be deemed terminated at the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled.

25.2 In the event the Company terminates this ESOS in accordance with the Listing Requirements and these By-laws, the Company must immediately announce on Bursa Securities:

- (a) the effective date of termination;
- (b) the number of Options exercised or the Keyfield Shares vested; and
- (c) the reasons for termination.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

26. DISCLAIMER OF LIABILITY

No Employee shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this ESOS pursuant to the provisions of these By-laws. Notwithstanding any provision of these By-laws:

- (a) this ESOS does not form any part of or constitute nor in any way be construed as a term and condition of employment of any Eligible Person. This ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the Keyfield Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment;
- (b) this ESOS shall not confer on any person or any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his rights/exercise of his ESOS Options or his rights in Options ceasing to be valid pursuant to the provisions of these By-laws; and
- (d) the ESOS Committee or any other party shall in no event be liable to the Grantee or his representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation to lost profits or savings, directly or indirectly arising from the breach or performance of these By-laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage.

27. RIGHTS OF GRANTEES

- 27.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlement on his unexercised Options.
- 27.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company in Malaysia.

28. CONSTITUTION

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the ESOS By-laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provision of the By-laws are included pursuant to the Listing Requirements.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

29. NOTICE

29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or the Grantee (as the case may be) pursuant to the ESOS, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media).

30. GOVERNING LAW AND JURISDICTION

30.1 The ESOS and these ESOS By-laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall submit to the exclusive jurisdictions of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of this ESOS By-laws.

30.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non conveniens or any other grounds.

31. SUBSEQUENT AND ADDITIONAL SCHEMES

Subject to the approval of Bursa Securities, any other relevant authorities or prevailing guidelines applicable, the Company may establish a new share option scheme after the expiry date of this ESOS if this ESOS is not extended or upon termination of this ESOS (in accordance with ESOS By-law 25). A new ESOS may only be established after the expiry of the extended ESOS (should this ESOS is being extended in accordance with ESOS By-law 21 of these ESOS By-laws).

If the Company so wishes, it may implement more than one (1) share issuance scheme provided that the aggregate number of shares available under all the schemes do not breach the limit set out in By-law 4.1 and/or the prevailing Listing Requirements.

ANNEXURE A: BY-LAWS FOR THE ESOS (Cont'd)

32. TAXES

All taxes, including but not limited to income tax, if any, arising from the exercise of any Options under this ESOS shall be borne by the Grantee.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

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