

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF OCEAN VANTAGE HOLDINGS BERHAD (“OVH” OR “COMPANY”) DATED 30 JUNE 2020 (“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](http://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 OVH 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 30 June 2020 and will close at 5.00 p.m. on 9 July 2020. In the event there is any change to the timetable, OVH will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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.



# OCEAN VANTAGE HOLDINGS BERHAD



# PROSPECTUS

Save for the crew, the assets and properties shown at the front and back of this Prospectus do not belong to the Group.



## OCEAN VANTAGE HOLDINGS BERHAD

(Registration No. 2018010136887 (1298917-H))  
(Incorporated in Malaysia under the Companies Act 2016)

Lot 5570, 1st Floor,  
Jalan Desa Pujut, Desa Pujut Shophouse,  
Pusat Bandar Baru Permyjaya,  
98100 Miri, Sarawak.

Tel : +6085-491 780  
Fax : +6085-491 785  
Email : [info@ovbhd.com](mailto:info@ovbhd.com)  
[www.ovbhd.com](http://www.ovbhd.com)

# PROSPECTUS

THIS PROSPECTUS IS DATED 30 JUNE 2020



## OCEAN VANTAGE HOLDINGS BERHAD

(Registration No. 2018010136887 (1298917-H))  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 82,200,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 20,550,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 4,110,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES; AND
- 57,540,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

(II) OFFER FOR SALE OF 41,100,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.26 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter  
and Placement Agent



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

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 137.**

**THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.**

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.**

This Prospectus has been registered by the SC. The 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 the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, 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. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

Our Directors, Promoters and Selling Shareholders (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 our Adviser, Sponsor, Underwriter and 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.

Admission to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") is not to be taken as an indication of the merits of our IPO, our Company, or our shares.

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

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 the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our Shares (as defined herein) on 11 November 2019. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The Securities Commission ("SC") has on 20 November 2019 approved the resultant equity structure of our Company under the equity requirements of public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of SC based on the audited combined financial statements for the financial year ended 31 December 2019. This classification remains valid from the date of issue of this prospectus until the next shariah compliance review is undertaken by the Shariah Advisory Council of SC. The new status will be released in the updated list of shariah-compliant Securities, on the last Friday of May and November.

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.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares 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 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](http://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 Adviser or Issuing House (as defined herein), 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 the 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:

- (i) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are 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;
- (ii) We and our 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 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

(iii) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our 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:

- (i) 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
- (ii) 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**

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

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

<b>Events</b>	<b>Tentative Dates</b>
Issuance of this Prospectus/Opening of Application for our IPO	30 June 2020
Closing Date	9 July 2020
Balloting of the Application for our IPO Shares	14 July 2020
Allotment of our IPO Shares to successful applicants	21 July 2020
Date of Listing	22 July 2020

If the Closing Date is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date. Following this, the dates for balloting of Application, allotment of IPO Shares and Listing would be extended accordingly.

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## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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

All references to "OVH" and the "Company" in this Prospectus are to Ocean Vantage Holdings Berhad (Registration No: 201801036887 (1298917-H)). 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 thousand or million or 2 decimal places (for percentages) or one 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 the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular 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, where no source is stated, such information can be assumed to originate from us.

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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## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION (Cont'd)**

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*All terms used are defined under "Definitions" commencing 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 products and services;
- (ii) Our business strategies;
- (iii) Our future plans;
- (iv) Our financial position;
- (v) Our future earnings, cash flows and liquidity; and
- (vi) 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:

- (i) The economic, political and investment environment in Malaysia and globally; and
- (ii) 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 9 – "Risk Factors" and Section 12 – "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.

## **DEFINITIONS**

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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:**

"OVE"	: Ocean Vantage Engineering Sdn Bhd (201101018034 (946170-W))
"OVIT"	: Ocean Vantage Inspection Testing Sdn Bhd (201201014663 (988180-U))
"OVH Group" or "Group"	: OVH and its subsidiaries, collectively
"OVH" or "Company"	: Ocean Vantage Holdings Berhad (201801036887 (1298917-H))

### **GENERAL:**

"ACE Market"	: ACE Market of Bursa Securities
"Acquisitions"	: Acquisition of OVE and Acquisition of OVIT
"Acquisition of OVE"	: Acquisition by OVH of the entire share capital of OVE from OVE Vendors for a purchase consideration of RM16,439,990 which was wholly satisfied by the issuance of 328,799,900 new Shares at an issue price of RM0.05 per Share. The Acquisition of OVE was completed on 12 February 2020 and resulted in OVE becoming a wholly-owned subsidiary of OVH.
"Acquisition of OVIT"	: Acquisition by OVH of the entire share capital of OVIT from OVIT Vendor for a purchase consideration of RM100 satisfied fully in cash. The Acquisition of OVIT was completed on 12 February 2020 and resulted in OVIT becoming a wholly-owned subsidiary of OVH.
"Act"	: Companies Act 2016
"ADA"	: Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	: M&A Securities
"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"	: Automated Teller Machine
"Board"	: Board of Directors of OVH
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))

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**DEFINITIONS (Cont'd)**

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"CAGR"	: Compound annual growth rate
"Call Options" or "Share-based payment"	: Call Option 1 and Call Option 2, collectively
"Call Option 1"	: The call option agreement entered into between Kenny Ronald Ngalin and Martin Phillip Ik Piau dated 10 March 2015, whereby Kenny Ronald Ngalin has given Martin Phillip Ik Piau the right but not the obligation to acquire such amount of shares in OVE, representing 39% equity interest in OVE, from Kenny Ronald Ngalin at an exercise price of RM906,750, based on the audited net asset of OVE as at 31 December 2014. The option was exercised on 21 September 2018
"Call Option 2"	: The call option agreement entered into between Kenny Ronald Ngalin and Yau Kah Tak dated 11 August 2017, whereby Kenny Ronald Ngalin has given Yau Kah Tak the right but not the obligation to acquire such amount of shares in OVE, representing 10% equity interest in OVE, from Kenny Ronald Ngalin at an exercise price of RM782,257, based on the unaudited net asset of OVE as at 30 June 2017. The option was exercised on 21 September 2018 by Yau Kah Tak, and he nominated his wife, Mary King Siaw Ning to receive the shares on his behalf
"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 the Prospectus as the last date for acceptance and receipt of Application
"CMSA"	: Capital Markets and Services Act 2007
"CMCO"	: Conditional movement control order
"Constitution"	: Constitution of our Company
"Depository Rules"	: Rules of Bursa Depository and any appendices thereto
"Director(s)"	: 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

**DEFINITIONS (Cont'd)**

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"FYE(s)"	: Financial year(s) ended/ending 31 December, as the case may be
"GP"	: Gross profit
"IMR" or "PROVIDENCE"	: Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	: Independent Market Research Report on the Outlook of Malaysia's Offshore Oilfield Services Industry and the Global Oil and Gas Industry dated 5 June 2020
"Initial Public Offering" or "IPO"	: Our initial public offering comprising our Public Issue and Offer for Sale
"Internet Participating Financial Institutions"	: Participating financial institutions for Internet Share Application as listed in Section 16
"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/offer price of RM0.26 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	: Issue Share(s) and Offer Share(s), collectively
"ISO"	: International Organisation for Standardisation
"Issue Share(s)"	: The new Share(s) to be issued pursuant to our Public Issue and subject to the terms and conditions of this Prospectus
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM37,812,000 comprising 411,000,000 Shares on the ACE Market
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	: Comprising our Public Issue, Offer for Sale and Listing, collectively
"LPD"	: 1 June 2020, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	: M&A Securities Sdn Bhd (197301001503 (15017-H))
"Maersk Group"	: Our customers which are affiliated to The Drilling Company of 1972 A/S
"Malaysian Public"	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	: Any day 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
"MCO"	: Movement control order

**DEFINITIONS (Cont'd)**

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"MFRS"	: Malaysian Financial Reporting Standards
"MPERS"	: Malaysian Private Entities Reporting Standard
"NA"	: Net assets
"NL"	: Net liabilities
"NBV"	: Net book value
"Noble"	: Noble Corporation
"Noble Arrangement"	: Refers to the agency arrangement between our Group and Noble as detailed under Section 7.2.4.1
"Offer for Sale"	: Offer for sale of 41,100,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Shares"	: Existing Shares to be offered pursuant to our Offer for Sale
"Official List"	: List specifying all securities which have been admitted for listing of Bursa Securities and not removed
"OVE Vendors"	: Kenny Ronald Ngalin, Mary King Siaw Ning and Martin Philip King Ik Piau, collectively
"OVIT Vendor"	: Kenny Ronald Ngalin
"Participating Financial Institutions"	: Participating financial institutions for Electronic Share Application, as listed in Section 16
"PAT"	: Profit after taxation
"PBT"	: Profit before taxation
"PE Multiple"	: Price-to-earnings multiple
"Pink Form Allocations"	: Allocation of 4,110,000 Issue Shares to our eligible Directors and employees which forms part of our Public Issue
"Promoters"	: Collectively, Kenny Ronald Ngalin, Martin Philip King Ik Piau and Yau Kah Tak
"Prospectus"	: This prospectus dated 30 June 2020 in relation to our IPO
"Public Issue"	: Public issue of 82,200,000 Issue Shares at our IPO Price
"ROC"	: Registrar of Companies
"RMCO"	: Recovery movement control order
"SC"	: Securities Commission Malaysia
"Seadrill Group"	: Our customers which are affiliated to Seadrill Limited and Seadrill Partners LLC

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**DEFINITIONS (Cont'd)**

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"Selling Shareholders"	:	Kenny Ronald Ngalin and Martin Philip King Ik Piau, who are undertaking the Offer for Sale, collectively
"Shares" or "OVH Shares"	:	Ordinary shares in OVH
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"sq ft"	:	Square feet
"Transocean Group"	:	Our customers which are affiliated to Transocean Ltd
"Underwriting Agreement"	:	The underwriting agreement dated 20 May 2020 entered into between our Company and M&A Securities pursuant to our IPO

**Other Corporations, Establishments and Agencies**

"CIDB"	:	Construction Industry Development Board
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"PETRONAS"	:	Petroliam Nasional Berhad (197401002911 (20076-K))

**Currencies**

"AUD"	:	Australian Dollar
"BND"	:	Brunei Dollar
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollar

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## TECHNICAL GLOSSARY

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This glossary contains an explanation of certain technical terms used throughout this Prospectus in connection with our business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

"blasting"	: The method used to thoroughly clean an object or surface, in order to prepare the surface for the application of paint or other type of coating
"drilling rig"	: A large structure that has been fitted with facilities for well drilling.
"E&I"	: Electrical and instrumentation
"eddy current"	: Swirling electric current induced in a conductor in response to a changing magnetic field
"electro-magnet"	: A type of magnet in which the magnetic field is produced by an electric current
"electrode"	: An electric conductor such as metal used to conduct current through a workpiece to fuse two pieces together
"electromagnetism"	: The production of a magnetic field by electric current flowing in a conductor
"EPC"	: Engineering, procurement and construction where an EPC contractor is responsible for all the activities from engineering, procurement to construction and handover of the project to the owner
"ferromagnetic materials"	: Materials such as iron, cobalt and nickel, which are very susceptible to an external magnetic field. These materials exhibit a strong attraction to magnetic fields and are able to retain their magnetic properties even after the external magnetic field has been removed
"flow control solutions"	: The control of flow or pressure of fluid through systems/ mechanisms such as valves, regulator and metering
"GMDSS"	: Global Maritime Distress and Safety System, an international system which uses terrestrial and satellite technology and ship-board radio systems. It is a set of safety procedures and communication protocols used to increase safety and make it easier to rescue distressed ships, boats and aircraft
"hull gauging"	: To measure vessel/ship body thickness to ensure its compliance to the standard
"instrument and control engineering"	: An engineering discipline where engineers in this discipline are in-charge of control systems and its instruments (devices used to measure, monitor and control a process)
"instrumentation"	: Measurement, monitoring and control of a process

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**TECHNICAL GLOSSARY (*Cont'd*)**

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"jack-up drilling rig"	: A type of offshore drilling rig structure that rests on the seabed via structural extensions
"magnetic flux"	: Measurement of the number of magnetic field lines crossing through a surface
"non-destructive testing" or "NDT"	: A test used to evaluate the properties of a component or system without causing permanent damage
"O&G"	: Oil and gas
"offshore material handling equipment"	: Equipment used for the movement and storage of material offshore
"penetrant"	: Coloured or fluorescent liquid used to penetrate and help detect surface defects such as cracks and pores
"shielding gases"	: Inert or semi-inert gases that are used to protect the weld area from oxygen and water vapour
"sub-surface"	: Below the surface
"SWEC Codes"	: Standardised Work and Equipment Categories Code Issued by PETRONAS
"ultra-deepwater"	: Refers to water depth greater than 5,000 feet
"ultrasonic waves"	: Sound waves which have frequencies that is higher than the upper audible limit of human hearing.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name (Gender)</b>	<b>Designation</b>	<b>Address</b>	<b>Nationality</b>
Nor Azzam Bin Abdul Jalil (M)	Independent Non-Executive Chairman	No. 9, Jalan LE 2/4 Lake Edge Bandar Metro Puchong 47100 Puchong Selangor Darul Ehsan	Malaysian
Kenny Ronald Ngalin (M)	Managing Director	R1-11-13, Vio Apartments Setiawalk Persiaran Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan	Malaysian
Martin Philip King Ik Piau (M)	Executive Director	No. 30, Jalan Setia Tropika U13/18F, Setia Eco Park 40170 Shah Alam Selangor Darul Ehsan	Malaysian
Yau Kah Tak (M)	Executive Director	No. 13, Jalan Puteri 8/1 Bandar Puteri 47100 Puchong Selangor Darul Ehsan	Malaysian
Tham Choi Kuen (F)	Independent Non-Executive Director	No. 687, Jalan Sri Pulai 46 Taman Sri Pulai 3 70400 Seremban Negeri Sembilan Darul Khusus	Malaysian
Ilham Fadilah Binti Sunhaji (F)	Independent Non-Executive Director	No. 24, Jalan Timah 7/25 Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian
Reza-Rizvy Bin Ahmad Rony Assim (M)	Independent Non-Executive Director	No. 436A, Lorong 9A2 Taman Matang Jaya, Petra Jaya 93050 Kuching Sarawak	Malaysian

**Notes:**

M refers to male  
 F refers to female

**1. CORPORATE DIRECTORY (Cont'd)**

**AUDIT & RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tham Choi Kuen	Chairman	Independent Non-Executive Director
Nor Azzam Bin Abdul Jalil	Member	Independent Non-Executive Chairman
Ilham Fadilah Binti Sunhaji	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad Rony Assim	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Nor Azzam Bin Abdul Jalil	Chairman	Independent Non-Executive Chairman
Tham Choi Kuen	Member	Independent Non-Executive Director
Ilham Fadilah Binti Sunhaji	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad Rony Assim	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ilham Fadilah Binti Sunhaji	Chairman	Independent Non-Executive Director
Nor Azzam Bin Abdul Jalil	Member	Independent Non-Executive Chairman
Tham Choi Kuen	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad Rony Assim	Member	Independent Non-Executive Director

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## **1. CORPORATE DIRECTORY (Cont'd)**

<b>REGISTERED OFFICE</b>	: No. 7-1, Jalan 109F Plaza Danau 2, Taman Danau Desa 58100 Kuala Lumpur
	Telephone number: 03-7982 2010
<b>HEAD OFFICE</b>	: Lot 5570, 1st Floor, Jalan Desa Pujut Desa Pujut Shophouse Pusat Bandar Baru Permyjaya 98100 Miri, Sarawak
	Telephone number: 085-491 780
<b>EMAIL ADDRESS AND WEBSITE</b>	: Email address: info@ovbhd.com Website: www.ovbhd.com
<b>COMPANY SECRETARIES</b>	: Teo Soon Mei (SSM PC 201908000235) (MAICSA7018590) ( <i>Chartered Secretary and Chartered Governance Professional, Fellow of Malaysian Institute of Chartered Secretaries and Administrators and Master of Corporate Governance</i> )
	Chong Voon Wah (SSM PC 202008001343) (MAICSA7055003) ( <i>Associate of the Institute of Chartered Secretaries and Administrators</i> )
	Telephone number: 03-7982 2010
<b>AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO</b>	: Baker Tilly Monteiro Heng PLT LLP number: 201906000600 (LLP0019411-LCA) Firm number: AF 0117 Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur
	Partner-in-charge: Dato' Lock Peng Kuan Approval number: 02819/10/2020 J ( <i>Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants</i> )
	Telephone number: 03-2297 1000
<b>ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT</b>	: M&A Securities Sdn Bhd (197301001503 (15017-H)) Level 11, No. 45 & 47, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur
	Telephone number: 03-2284 2911

**1. CORPORATE DIRECTORY (Cont'd)**

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**SOLICITORS FOR OUR IPO**

: Teh & Lee  
A-3-3 & A-3-4, Northpoint Offices  
Mid Valley City  
No. 1 Medan Syed Putra Utara  
59200 Kuala Lumpur

Telephone number: 03-2283 2800

**ISSUING HOUSE AND SHARE  
REGISTRAR**

: Tricor Investor & Issuing House Services Sdn Bhd  
(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  
(201701024744 (1238910-A))  
67-1, Block D, Jaya One  
No. 72A, Jalan Universiti  
46200 Petaling Jaya, Selangor

Executive Director's name: Elizabeth Dhoss  
(*Bachelor of Business Administration from University of Malaya*)

Telephone number: 03-7625 1769

**LISTING SOUGHT**

: ACE Market

**SHARIAH STATUS**

: Approved by Shariah Advisory Council of the SC

## 2. 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.**

### 2.1 PRINCIPAL DETAILS OF 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 82,200,000

No. of Shares to be offered under the Offer for Sale 41,100,000

Enlarged no. of Shares upon Listing 411,000,000

IPO Price per Share RM0.26

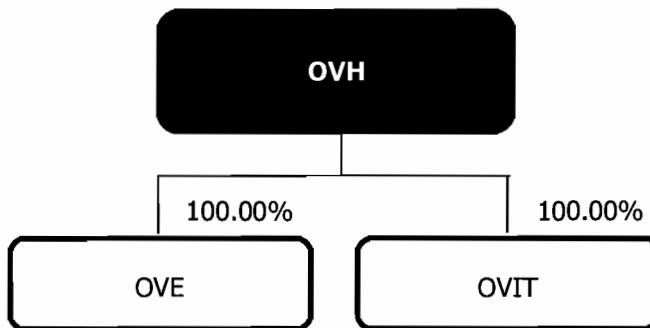
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing) RM106,860,000

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

### 2.2 GROUP STRUCTURE AND BUSINESS MODEL

Our company was incorporated in Malaysia on 10 October 2018 under the Act as a private limited company under the name Ocean Vantage Holdings Sdn Bhd. We converted into a public limited company on 10 April 2019 and assumed our present name.

Our company was incorporated to facilitate our Listing and our principal activity is that of investment holding. As at the LPD, our Group structure is set out below:



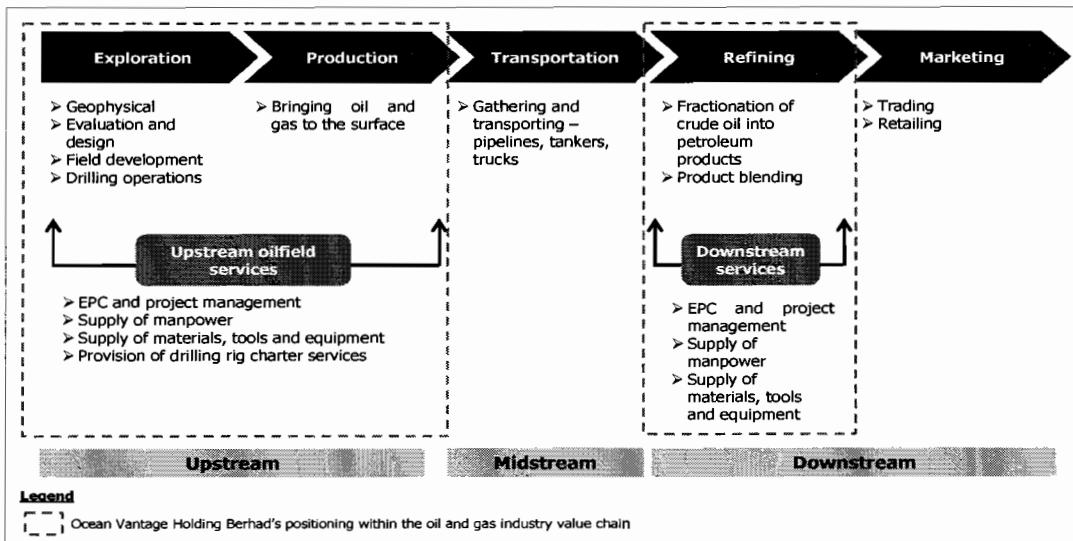
Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the following activities:

- (i) EPC and project management;
- (ii) supply of manpower;
- (iii) supply of materials, tools and equipment; and
- (iv) provision of drilling rig charter services.

## 2. PROSPECTUS SUMMARY (Cont'd)

We support the O&G industry for both the upstream and downstream activities. Presently, we primarily operate in the upstream O&G segment. Our Group currently has limited exposure to downstream O&G activities but we are looking to further expand our business in that segment.

Our Group's positioning within the O&G industry value chain is as depicted below:



Source: IMR Report by PROVIDENCE

Our principal market is Malaysia, where we generated 85.89%, 70.92%, 77.67% and 87.16% of our Group's revenue for FYE 2016, 2017, 2018 and 2019 respectively.

Further details of our Group and our business model are set out in Sections 6 and 7.

### 2.3 COMPETITIVE STRENGTHS

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

**(i) We are able to scale our operations in tandem with the demand for our services**

We have structured our business to be flexible and scalable, which we believe is an important factor in building a platform for long term business growth and sustainability. We have developed in-house project management competency that covers various stages in the life of an offshore O&G field. This expertise has allowed us to manage upstream oilfield projects in accordance with an existing project development plan under our project management services. We have developed in-house EPC competencies which when applied towards offshore facility projects, allow us to design, engineer, procure and project manage our activities.

**(ii) We have an experienced key senior management team**

Our Group has an experienced and dedicated key senior management team that is led by Kenny Ronald Ngalin as our Managing Director. He is supported by our Executives Directors and key senior management team, comprising Yau Kah Tak, Martin Philip King Ik Piau, Chang Vun Lung and Thomas Jalong.

## **2. PROSPECTUS SUMMARY (Cont'd)**

### **(iii) We have PETRONAS license and the track record in various safety and quality standards for our operations**

OVE is a PETRONAS licensed vendor. As at the LPD, we are licensed with a total of 189 SWEC Codes from PETRONAS. As such, we are well positioned to benefit from this strength that represents a barrier to entry for new participants in Malaysia's O&G industry.

Commitment to quality and possessing a strong safety track record are critical pillars in the O&G industry and we comply with the relevant occupational health and safety requirements. Our safety track record provides our customers with assurance, enabling us to retain existing customers and secure new customers.

### **(iv) We have access to skilled human resources for the supply of manpower services**

We have access to O&G talent through our in-house database of drilling, marine and maintenance crew as well as downstream crew for O&G projects. As at the LPD, we have more than 850 candidates in our in-house database.

Our in-house database allows us to fulfil our customers' staffing needs based on their requirements in a timely manner.

### **(v) We have established relationships with our customers**

We have established relationships with international drilling contractors such as Transocean Group, Maersk Group and Seadrill Group, with whom we have secured and retained as our customers for more than 5 years due, in part, to our service levels in meeting their project requirements.

Further details of our competitive strengths are set out in Section 7.20.

## **2.4 FUTURE PLANS AND BUSINESS STRATEGIES**

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over a period of 24 months from the date of our Listing:

### **(i) We intend to broaden our range of support services in EPC and project management segment to capture opportunities in the O&G industry**

We intend to further expand our range of support services for the upstream O&G industry to include underwater diving services, as well as advanced NDT and inspection services in an effort to broaden our revenue stream. In meeting our clients' needs and assisting them to overcome operational obstacles, we will continue to expand our capabilities in order to provide a wider range of O&G support services to our clients.

Over the next 24 months, we intend to improve our technological offering and aim to develop in-house capabilities in underwater diving services and advanced NDT inspection services. We intend to purchase underwater NDT equipment and attain IMCA license and classification society certification, which is a requirement for us to undertake and offer our customers underwater diving services using our in-house capabilities. We will achieve this through new staff recruitment in the areas of

## **2. PROSPECTUS SUMMARY (Cont'd)**

business development and project management, as well as equipment and tool purchases.

### **(ii) We intend to further strengthen our project management capabilities for the downstream O&G segment**

We intend to further strengthen our project management capabilities for the downstream O&G segment to broaden our revenue stream. We will achieve this through new staff recruitment in the areas of business development and project management, training and development of existing staff as well as equipment and tool purchases.

Further details of our future plans and business strategies are set out in Section 7.21.

## **2.5 RISK FACTORS**

An investment in our Shares is subject to risks. Investors should read and understand all the risk factors before deciding to invest in our Shares. A summary of some of the more important risks is set out below. A more detailed description of the risks associated with our Group and IPO can be found in Section 9.

### **(i) Our business is generally project-based and we are exposed to the risk of delay or premature termination of secured projects and/or may not be able to secure new projects**

As at the LPPD, we do not have any long term contracts with our customers. We generate our revenue as and when we deliver our services and products based on purchase orders received.

It is the industry norm for a company that provides services to offshore O&G operators to render its services on a project-basis. Generally, works outsourced by offshore O&G operators to the external service providers will be done on a tender basis. In addition, there is no guarantee that the O&G operator will continue to cooperate with the same service provider upon the project completion. As such, it is necessary for us to constantly look for new customers and/or secure new projects.

We may also encounter situations where customers delay the handover and delivery of our projects due to unforeseen circumstances such as poor market condition and shortage of funds faced by the O&G operators. Such postponement in project timing may influence our management of workspace and resource allocation for the execution of subsequent projects and delay our revenue collection.

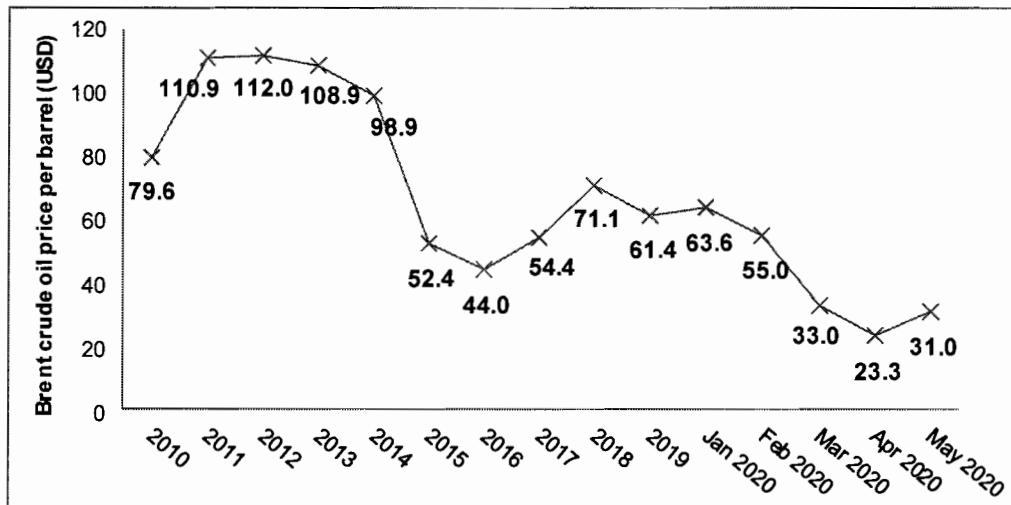
These situations will materially affect the performance of our business and subsequently impact our Group's financial position.

### **(ii) Our business operations and financial performance are reliant on O&G industry players**

Most of our customers are offshore O&G industry players. As such, the level of capital spending and activity in the offshore exploration, development as well as production of crude oil and gas which are influenced by the fluctuation of crude oil and gas price, together with the expectation of future price changes, will significantly affect the performance of our business operation and financial position.

## 2. PROSPECTUS SUMMARY (*Cont'd*)

The following graph illustrates the movement of the Brent crude oil price from 2010 to May 2020:



Source: World Bank

In the context where the level of upstream activities diminishes due to changes in capital expenditure in the O&G industry or otherwise, this is likely to cause an adverse impact on our business prospects, operation and financial performance.

**(iii) We may be affected by a fundamental change in PETRONAS' policies towards the O&G industry**

Our business in Malaysia is primarily dependent on license issued by PETRONAS for our domestic operations. Currently the license held by OVE is subject to renewal every 3 years i.e. by 29 May 2022. Any fundamental change in PETRONAS' policies, such as a relaxation or liberalisation of licensing 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 (including without local content or local partner or company) would have an adverse effect on our business and financial performance.

**(iv) The occurrence of Covid-19 pandemic and other possible similar future outbreaks could impact our business, financial performance and results of operations**

Our Group may be adversely affected by the wider macroeconomic effect of the ongoing Covid-19 pandemic and any possible future outbreaks. While the final effects of the Covid-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the markets in which we and our customers operate.

These effects may also take place in case of any possible future outbreaks. Any negative effect on the economy may have a likewise impact the incomes of our customers, and consequently their demand for our services. Such effects may also result in the insolvency of our Group's business partners (being our customers and suppliers), which could affect the operations of our Group as well as our financial performance.

## 2. PROSPECTUS SUMMARY (Cont'd)

### (v) We are dependent on our major customers

Our major customers comprised Transocean Group, Seadrill Group and Maersk Group. Collectively, these major customers contributed to more than 50.00% of our sales in the past 4 FYEs 2016 to 2019.

Any reduction or cessation of orders from these customers may affect our business and our financial performance may be affected.

### (vi) We may face credit risk and our customers may default in payment

We generally grant our customers credit periods of 30 to 60 days. We are thus exposed to credit risk arising from trade receivables due to unanticipated events or circumstances beyond our control, such as economic downturn.

We are also exposed to the risk of our customer's solvency status which may result in a seizure of our assets and/or equipment in the event our customers face liquidation proceedings, thereby rendering the seized asset and/or equipment unavailable for deployment to other customers and/or projects for unspecified period of time. Should this occur, our revenue and profitability will be adversely affected. The amount of trade receivable past due but not impaired (net of subsequent collections) stood at RM1.33 million representing 7.32% of the total trade receivable as at 31 December 2019.

Any significant delay or default in payment by our customers will result in impairment on trade receivables and may adversely affect our financial performance.

### (vii) We are subject to foreign exchange fluctuation risk

We derive a portion of our sales from overseas customers that are denominated in foreign currency. In the event the RM appreciates against the foreign currency between time the sales were recorded and the payment received from the overseas customers, our Group may register a loss on foreign exchange and vice versa.

Further details of our risk factors are set out in Section 9.

## 2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
<b>Directors</b>	
Nor Azzam Bin Abdul Jalil	Independent Non-Executive Chairman
Kenny Ronald Ngalin	Managing Director
Yau Kah Tak	Executive Director
Martin Philip King Ik Piau	Executive Director
Tham Choi Kuen	Independent Non-Executive Director
Ilham Fadilah Binti Sunhaji	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad Rony Assim	Independent Non-Executive Director
<b>Key senior management</b>	
Chang Vun Lung	Chief Financial Officer
Thomas Jalong	General Manager

Further details of the aforementioned persons are set out in Section 5.

## 2. PROSPECTUS SUMMARY (*Cont'd*)

### 2.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality	(1) Before IPO		(2)(3) After IPO		
		Direct No. of Shares	% No. of Shares	Indirect No. of Shares	% No. of Shares	
Kenny Ronald Ngalin	Malaysian	167,688,000	51.00	-	147,138,000	35.80
Martin Philip King Ik Piau	Malaysian	128,232,000	39.00	-	107,682,000	26.20
Mary King Siaw Ning	Malaysian	32,880,000	10.00	-	32,880,000	8.00
Yau Kah Tak	Malaysian	-	(4)32,880,000	10.00	(5)282,000	*
						(4)32,880,000
						8.00

#### Notes:

\* Less than 0.1%

- (1) Based on the share capital of 328,800,000 Shares after the Acquisitions and the transfer of 100 subscriber shares in OVH to our Kenny Ronald Ngalin, but before the IPO.
- (2) After Public Issue and Offer for sale.
- (3) Based on the enlarged share capital of 411,000,000 Shares after IPO.
- (4) Deemed interested by virtue of his wife, Mary King Siaw Ning shareholdings pursuant to Section 8 of the Act.
- (5) Assuming he fully subscribes his entitlement under the Pink Form Allocations.

Further details of the aforementioned persons are set out in Section 5.

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters and our substantial shareholder, whom has voluntarily undertaken the moratorium. Further details of the moratorium are set out in Section 3.2 of this Prospectus.

## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.8 UTILISATION OF PROCEEDS

The gross proceeds from the Public Issue of approximately RM21.37 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	RM'000	%	( <sup>(1)</sup> Estimated timeframe for utilisation
Broadening our range of support services	3,236	15.14	Within 24 months
Capital expenditure for the downstream O&G segment	8,592	40.20	Within 24 months
General working capital	6,544	30.62	Within 24 months
Listing expenses	3,000	14.04	Immediately
<b>Total</b>	<b>21,372</b>	<b>100.00</b>	

**Note:**

(<sup>(1)</sup>) 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 4.9.

The gross proceeds arising from the Offer for Sale of approximately RM10.69 million shall accrue entirely to the Selling Shareholders.

### 2.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The audited financial statements of our subsidiaries were prepared based on MPERS. However, in conjunction with the IPO, a set of audited financial statements of our subsidiaries have been prepared in accordance with MFRS. The selected financial and operational highlights included in this section are not intended to predict our Group's financial position, results or cash flows.

#### 2.9.1 Combined statements of profit or loss and other comprehensive income

The following key historical financial data for FYE 2016 to 2019 have been extracted from the Accountants' Report included in Section 13 of this Prospectus.

	Audited			
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Revenue	17,645	24,009	30,492	58,284
GP	6,611	9,708	11,612	14,789
PBT	3,615	4,545	7,010	9,148
PAT	2,710	3,020	5,173	6,917
Basic EPS (sen) <sup>(1)</sup>	0.82	0.92	1.57	2.10
Diluted EPS (sen) <sup>(2)</sup>	0.66	0.73	1.26	1.68

## 2. PROSPECTUS SUMMARY (Cont'd)

### Notes:

(1) Calculated based on PAT for the financial year divided by our enlarged number of Shares in issue before IPO.

(2) Calculated based on PAT for the financial year divided by our enlarged number of Shares in issue after IPO.

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 under review. Our audited combined financial statements for the financial years under review were not subject to any audit qualifications.

### 2.9.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited statement of financial position as at 31 December 2019 to show the effects of the Acquisitions and Public Issue. It should be read in conjunction with the pro forma consolidated statements of financial position in Section 14.

	OVH	I	II	III
	As at 31 December 2019	After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
<b>TOTAL ASSETS</b>				
Total non-current assets	-	7,536	7,536	18,564
Total current assets	35	21,261	42,633	22,237
	<b>35</b>	<b>28,797</b>	<b>50,169</b>	<b>40,801</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	*	16,440	37,812	37,212
Reorganisation reserve	-	(15,031)	(15,031)	(15,031)
Reserves	-	2,336	2,336	2,336
(Accumulated losses)/ Retained earnings	(191)	18,097	18,097	9,329
<b>Total equity</b>	<b>(191)</b>	<b>21,842</b>	<b>43,214</b>	<b>33,846</b>
<b>TOTAL LIABILITIES</b>				
Total non-current liabilities	-	2,051	2,051	2,051
Total current liabilities	226	4,904	4,904	4,904
	<b>226</b>	<b>6,955</b>	<b>6,955</b>	<b>6,955</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35</b>	<b>28,797</b>	<b>50,169</b>	<b>40,801</b>
(NL)/NA	(191)	21,842	43,214	33,846
(NL)/NA per ordinary Share (RM)	(1,910)	0.07	0.11	0.08

### Note:

\* Less than RM1,000

## 2. PROSPECTUS SUMMARY (*Cont'd*)

### 2.9.3 Segmental revenue

Our revenue by business activity for FYE 2016 to 2019 are as follow:

<b>Business activity</b>	<b>FYE 2016</b>		<b>FYE 2017</b>		<b>FYE 2018</b>		<b>FYE 2019</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
EPC and project management	10,370	58.77	7,901	32.90	12,264	40.22	12,397	21.27
Supply of manpower	3,268	18.52	11,875	49.46	14,592	47.86	41,040	70.41
Supply of materials, tools and equipment	3,447	19.54	3,569	14.87	3,636	11.92	4,847	8.32
Provision of drilling rig charter services	560	3.17	664	2.77	-	-	-	-
	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

### 2.9.4 Key financial ratios

The key financial ratios of our Group for FYE 2016 to 2019 are as follows:

	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
Trade receivables turnover (days)	101	122	152	104
Trade payables turnover (days)	24	26	30	22
Current ratio (times)	3.03	3.67	5.11	4.34
Gearing ratio (times)	0.25	0.14	0.09	0.07

Further details of the financial ratios are set out in Section 12.8.

### 2.10 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. Upon Listing, our Board intends to adopt a dividend policy to allow our shareholders to participate in the profits of our Group while ensuring sufficient funds for our continuing operations and future growth.

Further details of our dividend policy are set out in Section 12.16.

### 2.11 INTERRUPTIONS TO BUSINESS AND OPERATIONS

#### 2.11.1 Outbreak of Covid-19

Due to the recent outbreak of the Covid-19, the Government has imposed the MCO throughout Malaysia which took effect from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 August 2020 to combat the rise of Covid-19 cases in the country. The MCO has halted most of the economic sectors and activities, especially those operating in non-essential services.

Pursuant to the announcement by the Government of Malaysia on the MCO effective from 18 March 2020, PETRONAS issued a statement on its position that oil and gas, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services as per the announcement made by the Prime Minister of Malaysia and specified under section 2 (First Schedule), Act 177, Industrial Relations Act 1967.

## **2. PROSPECTUS SUMMARY (*Cont'd*)**

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Our Group is deemed to fall under essential services and permitted to continue operations during this period, and thus far we have not been negatively impacted by the Covid-19 outbreak and the MCO (CMCO and RMCO).

Although our Group is considered essential services, our Group adopted strict standard operating procedures aimed at containing Covid-19 and minimising its risk to our operations while maintaining business continuity. We opted to operate remotely throughout the period of MCO where, all key management and office-based staff were required to work from home commencing 18 March 2020 in line with the implementation of the MCO.

On 20 April 2020, OVH resumed operations at 50% of its work force capacity after obtaining approval from the Ministry of International Trade and Industry ("MITI") and after complying with the standard operating procedures and other rules and guidelines required by MITI.

In response to the Covid-19 virus, our Group has established an emergency response protocol committee which comprises mainly of key management personnel to oversee the adherence of infection control measures based on the guidelines and standard operating procedures issued by MITI. We have fully complied with the guidelines and standard operating procedures.

In addition to the above, our Group adopted pre-emptive measures to contain Covid-19 in our business operations including:

- (i) Personnel screening procedures;
- (ii) Workplace arrangements, whereby staff are rotated between working from home and in office; and
- (iii) Manpower supply quarantine protocol prior to deployment to offshore rigs (client site).

Our procurement of materials and services faced some disruption in the first quarter of 2020 during the initial period of MCO that affected the delivery coordination and transportation as certain suppliers were not able to fully operate their businesses during this period. Subsequent to PETRONAS issuing a statement on its position that O&G, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services and all operations falling within the above essential services including all support services should continue, our Group was able to resume coordinating delivery and transportation of materials from our suppliers. Apart from the temporary delay from certain suppliers for our supply of materials, tools and equipment which have since been resolved, our Group operations did not encounter any major disruptions throughout the period of MCO and CMCO.

As at LPD, we have not received any indication of or requests from our customers for the deferment or cancellation/termination of existing works/projects.

Further details are set out in Section 7.13.

### 3. APPROVALS AND CONDITIONS

#### 3.1 APPROVALS AND CONDITIONS

##### 3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 11 November 2019, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Disclosure in the prospectus, the reason(s) of higher gross profit margin recorded by OVH in comparison with the selected industry players	Complied
(b)	Submit the following information in respect of the moratorium on the shareholdings of the Promoters to the Bursa Depository: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of shares.</li> </ul>	To be complied
(c)	Approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
(d)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements.	To be complied
(e)	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of OVH on the first day of Listing.	To be complied
(f)	Any director of OVH that has not attended the Mandatory Accreditation Programme must do so prior to the Listing.	Complied
(g)	In relation to the public offering to be undertaken by OVH, please announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche, in format prescribed; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of OVH arising from the public offering, if any.</li> </ul>	To be complied
	M&A Securities is reminded to ensure that the overall distribution of OVH's securities is properly carried out to mitigate any disorderly trading in the secondary market.	
(h)	OVH/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of OVH to the Official List of the ACE Market.	To be complied

### 3. APPROVALS AND CONDITIONS (*Cont'd*)

#### 3.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 20 November 2019, approved the resultant equity structure of OVH under the equity requirement for public listed companies pursuant to our Listing. The approval from SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	OVH to allocate the difference between the prescribed equity requirement of 12.5% of its enlarged issued share capital and the equity interests of Bumiputera investors upon Listing, to Bumiputera public investors to be approved by Ministry of International Trade and Industry within 1 year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or 5 years after being listed on the ACE Market, whichever is earlier ("Compliance Date")	To be complied
(b)	OVH to submit a proposal to the SC to comply with the Bumiputera equity condition at least 6 months prior to the Compliance Date; and	To be complied
(c)	M&A Securities/OVH to submit OVH's equity structure to the SC upon completion of the Listing.	To be complied

The Shariah Advisory Council of SC had, vide its letter dated 9 June 2020 classified our Shares as shariah-compliant based on the audited combined financial statements for FYE 2019.

#### 3.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those OVH Shares held by our Promoters and substantial shareholders (excluding the Shares subscribed under the Pink Form Allocation) as follows:

- (a) The moratorium applies to the entire shareholdings of our Promoters and substantial shareholders after the Offer for Sale for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters and substantial shareholders aggregate shareholdings amounting to at least 45.00% of our total number of issued ordinary shares remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Promoters and substantial shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of those OVH Shares held under moratorium.

### 3. APPROVALS AND CONDITIONS (Cont'd)

Details of our Promoters/substantial shareholders and their Shares which will be subject to the abovementioned moratorium, as set out below:

Promoters/substantial shareholder	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	(1)%	No. of Shares	(1)%
Kenny Ronald Ngalin	<sup>(2)</sup> 147,138,000	35.80	94,588,728	23.01
Martin Philip King Ik Piau	<sup>(2)</sup> 107,682,000	26.20	69,224,186	16.84
Yau Kah Tak <sup>(3)</sup>	-	-	-	-
Mary King Siaw Ning	<sup>(4)</sup> 32,880,000	8.00	21,137,186	5.15
	<b>287,700,000</b>	<b>70.00</b>	<b>184,950,100</b>	<b>45.00</b>

**Notes:**

- (1) Based on the enlarged share capital of 411,000,000 Shares after IPO.
- (2) After the Offer for Sale.
- (3) Deemed interested by virtue of his wife, Mary King Siaw Ning shareholdings pursuant to Section 8 of the Act.
- (4) Mary King has voluntarily given moratorium undertaking.

The moratorium has been fully accepted by our Promoters and substantial shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period. The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters and substantial shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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#### **4. PARTICULARS OF OUR IPO**

##### **4.1 OPENING AND CLOSING OF APPLICATION PERIOD**

The period for Application will open at 10.00 a.m. on 30 June 2020 and will remain open until 5.00 p.m. on 9 July 2020. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

##### **4.2 IMPORTANT TENTATIVE DATES**

<b>Events</b>	<b>Tentative date</b>
Issuance of this Prospectus/Opening of Application for our IPO	30 June 2020
Closing Date	9 July 2020
Balloting of Application for our IPO Shares	14 July 2020
Allotment of our IPO Shares to successful applicants	21 July 2020
Date of Listing	22 July 2020

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia. Following this, the dates for the balloting of Application, allotment of IPO Shares and Listing would be extended accordingly.

##### **4.3 DETAILS OF OUR IPO**

###### **4.3.1 Listing Scheme**

###### **(i) Public Issue**

A total of 82,200,000 Issue Shares representing 20.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

###### **(a) Malaysian Public**

20,550,000 Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (1) 10,275,000 Shares made available to public investors; and
- (2) 10,275,000 Shares made available to Bumiputera public investors.

###### **(b) Our eligible Directors and employees**

4,110,000 Shares, representing 1.00% of our enlarged share capital, will be reserved for our eligible Directors and employees under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

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

##### (c) Private placement to selected investors

57,540,000 Shares, representing 14.00% of our enlarged share capital, have been reserved for private placement to selected investors.

The basis of allocation of 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. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM16,440,000 comprising 328,800,000 Shares to RM37,812,000 comprising 411,000,000 Shares. 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.

##### (ii) Offer for sale

The Selling Shareholders will undertake an offer for sale of 41,100,000 Offer Shares, representing 10.00% of our enlarged share capital by way of private placement to selected investors at our IPO Price. The Offer for Sale is subject to the terms and conditions of this Prospectus.

##### (iii) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM37,812,000 comprising 411,000,000 Shares shall be listed on the ACE Market.

#### 4.3.2 Pink Form Allocations

We have allocated 4,110,000 Issue Shares to our eligible Directors and employees under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	5	682,000
Eligible employees	48	3,428,000
	<b>53</b>	<b>4,110,000</b>

The criteria for allocation to our eligible Directors are based on amongst others, the length of their service and their anticipated contributions to our Group. Our Managing Director, Kenny Ronald Ngalin and Executive Director, Martin Philip King Ik Piau has opted out of the Pink Form Allocations as they are also the Selling Shareholders.

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

Details of the proposed allocation to our remaining Directors and key senior management are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
<b>Directors</b>		
Nor Azzam Bin Abdul Jalil	Independent Non-Executive Chairman	100,000
Yau Kah Tak	Executive Director	282,000
Tham Choi Kuen	Independent Non-Executive Director	100,000
Ilham Fadilah Binti Sunhaji	Independent Non-Executive Director	100,000
Reza-Rizvy Bin Ahmad	Independent Non-Executive Director	100,000
Rony Assim		
<b>Key senior management</b>		
Chang Vun Lung	Chief Financial Officer	320,000
Thomas Jalong	General Manager	360,000
		<b>1,362,000</b>

The criteria of allocation to our eligible employees (as approved by our Board) are based on, *inter-alia*, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

Entitlements which are not accepted by certain eligible Directors and employees will be reallocated to the other eligible Directors and employees at the discretion of our Board.

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

##### 4.3.3 Selling Shareholders

Details of our Selling Shareholders are as follows:

Name/ Residential address	Relationship with the Group	(1) Before IPO		Offer Shares offered		No. of Shares (3)%	No. of Shares (3)%
		No. of Shares	(2)%	No. of Shares	(3)%		
Kenny Ronald Ngalin / R1-11-13, Vio Apartments Setiawalk Persiaran Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan	Promoter, substantial shareholder and Managing Director	167,688,000	51.00	20,550,000	5.00	147,138,000	35.80
Martin Philip King Ik Piau / No. 30, Jalan Setia Tropika U13/18F, Setia Eco Park 40170 Shah Alam Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	128,232,000	39.00	20,550,000	5.00	107,682,000	26.20

##### Notes:

- (1) After completion of Acquisitions but prior to Public Issue.
- (2) Based on the share capital of 328,800,000 Shares before IPO.
- (3) Based on the enlarged share capital of 411,000,000 Shares after IPO.

Further details of our Selling Shareholders, who are also our Promoters and substantial shareholders can be found in Section 5.1.

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

##### 4.3.4 Underwriting arrangement

Our Underwriter will underwrite 24,660,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 57,540,000 Issue Shares available for application by selected investors will not be underwritten (subject to reallocation as set out in Section 4.3.5 below).

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. However, if all of our Issue Shares offered to the Malaysian Public are oversubscribed, Issue Shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

##### 4.3.5 Minimum and over-subscription

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 IPO Shares will be the number of IPO 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. However, the Placement Agent has the right to clawback and reallocate the 57,540,000 Issue Shares available for application by selected investors to the Malaysian Public so as to increase the participation of retail investors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

#### 4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
<b>Share capital</b>		
As at the date of this Prospectus	328,800,000	16,440,000
To be issued under our Public Issue	82,200,000	21,372,000
<b>Enlarged share capital upon our Listing</b>	<b>411,000,000</b>	<b>37,812,000</b>

Our Offer for Sale will not have effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our 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 our Issue Shares.

Our Offer Shares 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 transfer of the Offer 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 paid-up on the 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 if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings 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 one vote for each ordinary share held.

#### 4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (i) To gain recognition through our listing status which will enhance our reputation in terms of marketing our products and services, retention of our employees and expansion of our customer base;
- (ii) To provide an opportunity for the Malaysian Public, including our eligible Directors and employees to participate in our equity;
- (iii) To enable our Group to raise funds for the purposes specified in Section 4.9 herein; and
- (iv) 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 when they arise.

#### 4.6 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (i) The PE Multiple of approximately 15.48 times based on our diluted EPS of 1.68 sen for FYE 2019 calculated based on our audited combined PAT of the Group of RM6.92 million for FYE 2019 and our enlarged share capital of 411,000,000 Shares upon Listing;
- (ii) Our pro forma consolidated NA per Share as at 31 December 2019 of RM0.08, calculated based on our pro forma consolidated NA as at 31 December 2019 of approximately RM33.85 million (after the Public Issue and the utilisation of proceeds) and enlarged share capital of 411,000,000 Shares upon Listing;
- (iii) Our historical financial track record for FYEs 2016 to 2019 are summarised as follows:

	Audited			
	FYE 2016	FYE 2017	FYE 2018	FYE 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	17,645	24,009	30,492	58,284
GP	6,611	9,708	11,612	14,789
PAT	2,710	3,020	5,173	6,917

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

- (iv) Our competitive strengths as set out in Section 7.20; and
- (v) Our Group's future plans and business strategies as further described in Section 7.21.

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 9 before deciding to invest in our Shares.

#### 4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 411,000,000 Shares upon Listing, our total market capitalisation is estimated to be RM106,860,000 upon Listing.

#### 4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.26
Our pro forma consolidated NA per Share as at 31 December 2019 after the Acquisitions before the Public Issue	0.07
Our pro forma consolidated NA per Share as at 31 December 2019 after the Acquisitions, Public Issue and utilisation of proceeds	0.08
Increase in the pro forma consolidated NA per Share attributable to existing shareholders	0.01
Dilution in the pro forma consolidated NA per Share to our new public investors	0.18
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	69.23%

Further details of our pro forma consolidated NA per Share as at 31 December 2019 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for Shares acquired by them since our incorporation and up to the date of this Prospectus:

<b>Shareholders</b>	<sup>(1)</sup> <b>No. of Shares</b>	<b>Total consideration</b>	<b>Average effective cost per Share</b>	
			<b>RM'000</b>	<b>RM</b>
Kenny Ronald Ngalin	167,688,000	8,384	0.05	
Martin Philip King Ik Piau	128,232,000	6,412	0.05	
Mary King Siaw Ning	32,880,000	1,644	0.05	
	<b>328,800,000</b>	<b>16,440</b>		<b>0.05</b>

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

**Note:**

(1) Issued pursuant to the Acquisition of OVE and the transfer of 100 subscriber shares in OVH to Kenny Ronald Ngalin, at a nominal consideration of RM0.10 per Share.

Save for the:

- (i) transfer of 100 subscriber shares in OVH to Kenny Ronald Ngalin; and
- (ii) Shares received by our Promoters and substantial shareholders pursuant to the Acquisition of OVE,

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.

#### 4.9 UTILISATION OF PROCEEDS

##### 4.9.1 Public Issue

The gross proceeds from the Public Issue of approximately RM21.37 million shall accrue entirely to us and will be utilised in the manner set out below. Pending the utilisation of proceeds for the intended purposes, the funds will be placed in short-term deposits with licensed financial institutions.

<b>Utilisation of proceeds</b>	<b>Notes</b>	<b>RM'000</b>	<b>%</b>	<b>(<sup>(1)</sup>Estimated timeframe for utilisation</b>
Broadening our range of support services	(i)	3,236	15.14	Within 24 months
Capital expenditure for the downstream O&G segment	(ii)	8,592	40.20	Within 24 months
General working capital	(iii)	6,544	30.62	Within 24 months
Listing expenses	(iv)	3,000	14.04	Immediately
<b>Total</b>		<b>21,372</b>	<b>100.00</b>	

**Note:**

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

##### (i) Broadening our range of support services

We plan to further expand our range of support services for EPC and project management for the upstream O&G industry to include underwater diving services, as well as advanced NDT and inspection services in an effort to broaden our revenue stream.

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

To facilitate this initiative, we have allocated RM3.24 million from the proceeds of the Public Issue for the enhancement and strengthening of our capabilities which will include expenditure on the following:

Details	Estimated cost	
	RM'000	RM'000
<b><u>Underwater diving services</u></b>		
(a) Purchase of NDT equipment:		
• Underwater diving containers	500	
• Eddy current testing equipment	100	
• Magnetic particle inspection equipment	30	
• Ultrasonic testing equipment	100	
• High pressure water blasters equipment	400	
• Cameras and underwater tools	70	1,200
(b) Audit fees to obtain license issued by International Marine Contractors Association (IMCA)	100	
Audit fees for the attainment of classification society certification for Under Water Inspection in Lieu of Dry-docking (UWILD) and In Water Surveys (IWS):		
• Class Bureau Veritas (BV)	20	
• Class Det Norske Veritas Germanischer Llyod (DNV GL)	20	
• Class American Bureau of Shipping (ABS)	20	
• Class Nippon Kaiji Kyokai (ClassNK)	20	
• Class Registro Italiano Navale (RINA)	20	200
<b><u>Advanced NDT and inspection services</u></b>		
Purchase of testing and inspection equipment and tools:		
• Borescope inspection equipment	236	
• Phased Array and Long Range Ultrasonic Testing equipment	400	
• Corrosion mapping hydrogen detector equipment	400	
• Alternating current field measuring equipment	200	1,236
Staff cost relating to hiring an engineer and a sales and marketing personnel for broadening the range of our support services	600	
		<b><u>3,236</u></b>

As at the LPD, we offer underwater inspection and repair services on hulls, spudcans (base cones on jack-up drilling rigs) and pipelines of offshore rigs as well as advanced NDT and inspection services to our customers. However, we have to engage subcontractors to perform these services, as we do not have the in-house expertise and when required, we rent the necessary equipment to perform such services. We have yet to secure any underwater diving services and advanced NDT and inspection services work, which we believe is due to our Group not having the necessary in-house expertise and equipment, to be able to quote competitively.

We intend to improve our technological offering and aim to develop in-house capabilities by purchasing underwater and advanced NDT equipment and attain IMCA license and classification society certification, which is a requirement for us to undertake and offer our customers underwater diving and advanced NDT services using our in-house capabilities.

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

Underwater diving services and advanced NDT and inspection services are extension of services currently provided by our Group. Offshore drilling rigs have structure or sections that are above and under water. Currently, our services focus on sections that are above water. By investing in underwater diving services, we will be able to provide inspection services for entire rig (both above and under water sections). Advanced NDT is also an extension of the current conventional NDT service that we are offering. Advanced NDT involves the use of advance equipment such as Phased Array and Long Range Ultrasonic Testing equipment and Alternating current field measuring equipment.

As more rigs are being activated in the O&G sector as a result of improving oil price, request for such underwater inspection services will increase. Our Group is in a strong position to secure such projects, especially for rigs customers that we are already providing existing EPC and project management as well as manpower supply services. These are additional source of revenue and having the extended services will enable our Group to be a more integrated and comprehensive service provider.

**(ii) Capital expenditure to further strengthen our EPC and project management capability for downstream O&G segment**

We intend to further strengthen our EPC and project management capabilities for the downstream O&G segment to broaden our revenue stream and capture opportunities in downstream O&G segment.

To facilitate this initiative, we have allocated RM8.59 million from the proceeds of the Public Issue to purchase the following equipment:

Type of machinery/equipment	Description/Functions	No. of units	Total estimated cost RM'000
Diesel-fuelled welding machine	Diesel fuelled machine that enables welding work to be carried out on-site (i.e. without the need of on-site power supply)	24	1,380
Diesel-fuelled Air Compressor	Device that supplies compressed air for storage, and subsequent use in relevant tools and equipment or applications	6	636
Cabins	Containers that can be converted and used as on-site office or storage	4	570
Cold cutting machine	Machine used to perform cold cutting (i.e. without use of heat from torch (hot cutting) where open flame is used)	2	600
Milling machine	Machine used to perform milling operations on steel materials	2	176
Scaffolding materials	Materials used to erect for temporary work platform, structure or access on facilities.	120	2,420
Blasting and painting equipment	Equipment used to perform blasting and painting works for steel structures and piping	6	1,110

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

Type of machinery/equipment	Description/Functions	No. of units	Total estimated cost RM'000
Hydro test equipment & fittings	Equipment and fittings used to test the pressure in a fluid, or exerted by a fluid on an immersed component	-	300
Lifting and rigging equipment	Equipment (ropes and chains) used for rigging and lifting activities	-	1,400
<b>Total</b>			<b>8,592</b>

#### (iii) General working capital

A total of RM6.54 million of our Public Issue proceeds will be used to finance additional working capital requirements in tandem with the expected growth in our business. The following is a breakdown of the utilisation of proceeds for our working capital:

No.	Details	Estimated cost	
		RM'000	RM'000
(a)	Expansion of workforce <sup>(1)</sup>		3,264
(b)	Secure distributorship for new products <sup>(2)</sup>		500
(c)	Marketing expenses:		
	• Participation fees for exhibitions	200	
	• Travelling and accommodation expenses	280	
			480
(d)	Existing business operation and running cost <sup>(3)</sup> :		
	• Manpower supply – advances and wages	1,320	
	• EPC project expenses – equipment rentals	660	
	• Travelling and accommodation expenses	220	
	• Training for our existing staffs	100	
			2,300
	<b>Total</b>		<b>6,544</b>

#### Notes:

(1) Our Group expects to utilise approximately RM3.26 million for payment of salaries to new staffs to be recruited, in addition to the number of new staffs to be recruited under the broadening our range of support services mentioned in Section 4.9.1(i) above.

In this respect, we intend to hire the following new personnel:

Positions	No.	Functions
Engineers	4	Provide design, analysis, build and test machines, systems, structures and materials for upstream and downstream segment
Project Manager	4	Develop project planning, execute and oversee projects, review and ensure projects is in accordance to the project plan for upstream and downstream segment

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

Positions	No.	Functions
Sales and marketing personnel	2	Perform sales and marketing activities

Such amount is expected to be utilised for a period of 24 months and the payments of new staff salaries will subsequently be funded through internally generated funds.

- (2) We intend to secure distributorship for new products (such as tools and equipment used in the O&G industry) from foreign manufacturers and/or distributors. Normally to be a distributor for such manufacturers and/or distributors, we need to hold a certain volume of inventories. We have allocated RM0.50 million from the proceeds for the procurement of inventories in relation to the securing of distributorship of new products. As at LPD, we are in early stages of discussions with 3 potential foreign manufacturers and/or distributors. We have yet to finalise any distributorships agreements for the new products.
- (3) We intend to allocate RM2.30 million for our existing business operations and running cost to fund the growth of our existing business operations. The nature of our business, being service-based, is dependent on the availability of working capital and our workforce. Working capital is necessary as salaries/wages to contractual workers / subcontractors may have to be made prior to our collection from our customers. With the additional working capital, we will be able to hire more contractual workers and undertake more projects at a given point.

#### (iv) Estimated listing expenses

An amount of RM3.00 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. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees <sup>(1)</sup>	1,983
Fees payable to authorities	150
Underwriting, placement and brokerage fees	634
Printing and advertising fees and other incidental costs	233
<b>Total</b>	<b>3,000</b>

#### Note:

- (1) Includes advisory fees for, amongst others, our Adviser and Sponsor, Solicitors, Reporting Accountants and IMR

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

##### **4.9.2 Offer for Sale**

The Offer for Sale will raise gross proceeds of approximately RM10.69 million which will accrue entirely to our Selling Shareholders. The Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fees estimated at approximately RM0.30 million relating to the Offer Shares.

#### **4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION**

##### **4.10.1 Brokerage fees**

Brokerage fees 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.

##### **4.10.2 Placement fees**

Our Placement Agent has placed out a total of 57,540,000 Issue Shares to selected investors.

We are obliged to pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be borne entirely by the Selling Shareholders.

##### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 24,660,000 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 2.5% of our IPO Price multiplied by the number of Shares underwritten.

#### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 24,660,000 Issue Shares ("Underwritten Shares") as set out in Section 4.3.4 of this Prospectus.

The following are the salient terms contained in the Underwriting Agreement:

##### **4.11.1 Conditions Precedent**

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 SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 155 of the Act prior to the issuance of the Prospectus to the public;

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

- (ii) The issuance of the Prospectus (including all other procedures, requirements, letters and documents) required under Section 155 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;
- (iii) There having been, as at any time hereafter 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 the Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the Public Issue) 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, if they are repeated on and as of the Closing Date;
- (iv) The issue, offering and subscription of the Issue Shares in accordance with the provisions hereof 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 made by the Company to ensure payment of the expenses;
- (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 the Company of all the resolutions of the Directors and the 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 the Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph sub above;
- (viii) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the 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 the Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties as though they have been given and/or made on such date; and
- (ix) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the official list and its issued and paid-up share capital listed and quoted on the ACE Market without undue delay.

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

##### **4.11.2 Non-fulfillment of Conditions Precedent**

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 the Company not later than 3 Market Days after the Closing Date and upon such termination the Company and the Underwriter shall be released and discharged from their obligations save for the Company's obligations and none of the parties shall have a claim against the other save for antecedent breaches by the 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 the Company for the payment of the expenses). 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.

##### **4.11.3 Termination**

Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the Underwritten Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

- (i) There is any breach by the 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 the 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 the Group, the success of the Public Issue, or the distribution of the Issue Shares; or
- (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 the 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 the 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 the 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 the Company and/or the Underwriter (including without limitation, acts of God, acts of

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

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 the Group and the success of the Listing and IPO, or the distribution of the 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 the Company to perform any of their respective obligations herein contained; or

(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 the Company pursuant to the indemnities contained under the Underwriting Agreement.

##### **4.11.4 Effect of termination**

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 the Company shall remain liable in respect of its 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 its undertaking to indemnify the Underwriter.

#### **4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, inter-alia, 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.

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

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 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE 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 ACE 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 Prospectus supplement. 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 authorised or lawful 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 Adviser, Sponsor, Underwriter and 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.

**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 16 for further details on the summarised procedures for application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish your CDS Account number to the Participating Financial Institution by way of 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.

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

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In the case of an Application by way of Internet Share Application, only an applicant who has a CDS Account and an existing account to their internet financial services with the Internet Participating Financial Institutions 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.

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

### 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:

Name	Nationality	(1) Before IPO		(2)(3) After IPO	
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Kenny Ronald Ngalin	Malaysian	167,688,000	51.00	-	-
Martin Philip King Ik	Malaysian	128,232,000	39.00	-	-
Piau				147,138,000	35.80
Mary King Siaw Ning	Malaysian	32,880,000	10.00	107,682,000	26.20
Yau Kah Tak	Malaysian	-	-	32,880,000	-
				(5)282,000	(4)32,880,000
				*	8.00

#### Notes:

\* Less than 0.1%

(1) Based on the share capital of 328,800,000 Shares after the Acquisitions and the transfer of the 100 subscriber shares in OVH to Kenny Ronald Ngalin, but before the IPO.

(2) After Public Issue and Offer for Sale.

(3) Based on the enlarged share capital of 411,000,000 Shares after IPO.

(4) Deemed interested by virtue of his wife, Mary King Siaw Ning shareholdings pursuant to Section 8 of the Act.

(5) Assuming he fully subscribes his entitlement under the Pink Form Allocations.

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

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

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**5.1.2 Profiles of Promoters and substantial shareholders**

The profiles of Kenny Ronald Ngalin, Martin Philip King Ik Piau and Yau Kah Tak, who are our Promoters and substantial shareholders, are as set out in Section 5.2.2.

The profile of Mary King Siaw Ning, our substantial shareholder is as follows:

**(a) Mary King Siaw Ning**

Mary King Siaw Ning, a Malaysian, aged 42, is our substantial shareholder. She is the spouse of Yau Kah Tak and sister to Martin Philip King Ik Piau.

She graduated with a Bachelor of Electrical Engineering from Universiti Teknologi Malaysia in 2001.

She began her career in 2002, as a Quality Measurement Instrumentation Engineer in Shell MDS Sdn Bhd, where her duties involved developing standard operating procedures for technicians, talent management, provision of technical services to all analysers in the company's laboratory, as well as the maintenance of online analysers and fire and gas systems in the company. She was then promoted to System and Project Engineer in 2006, where her role involved the delivery of automation scopes for in-house instrumentation projects, management and maintenance of instrumentation plans, and carrying out instrumentation feasibility studies.

In 2007, she joined Shell Eastern Petroleum Pte Ltd as an Instrument Construction Engineer, where she was responsible for the instrumentation scope in natural gas supply integration projects as well as monitoring the performance of the engineering, procurement and construction management and instrumentation control engineers. She was also involved in carrying out factory acceptance tests, loop checks, loop tests, and function tests.

She then joined Shell Global Solutions (M) Sdn Bhd as an Automation Engineer in 2009 (a position that she currently still holds), where she is involved in the provision of technical assurance and support for instrument engineering, delivery of automation scopes, design and functional review of anti-surge valve and pressure/transmitters, as well as the provision of support to the main automation contractors for factory acceptance tests.

She presently holds directorship and shareholdings in a number of private limited companies.

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

### 5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our Company's incorporation are as follows:

	As at incorporation				(1) After Acquisitions				(2) After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Kenny Ronald Ngalin	-	-	-	-	(3)167,688,000	51.00	-	-	147,138,000	35.80	-	-
Martin Philip King Ik Piau	-	-	-	-	128,232,000	39.00	-	-	107,682,000	26.20	-	-
Mary King Siaw Ning	-	-	-	-	32,880,000	10.00	-	-	32,880,000	8.00	-	-
Yau Kahn Tak	-	-	-	-	-	-	(4)32,880,000	10.00	(5)282,000	*	(4)32,880,000	8.00

#### Notes:

- \* Less than 0.1%
- (1) Based on share capital of 328,800,000 Shares after Acquisitions.
- (2) Based on the enlarged share capital of 411,000,000 Shares after IPO.
- (3) As at incorporation, 100 Shares was issued to Oah Ai Ling. The subscriber shares were subsequently transferred to Kenny Ronald Ngalin on 4 April 2019.
- (4) Deemed interested by virtue of his wife, Mary King Siaw Ning shareholdings pursuant to Section 8 of the Act.
- (5) Assuming he fully subscribes his entitlement under the Pink Form Allocations.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters, no other person is able to, directly or indirectly, jointly or severally, exercise control over our Company.

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

### 5.2 DIRECTORS

#### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	(1) Before IPO				(2)(3) After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Nor Azzam Bin Abdul Jalil	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	( <sup>3</sup> )100,000	*	-	-
Kenny Ronald Ngalin	Managing Director/ Malaysian	167,688,000	51.00	-	-	147,138,000	35.80	-	-
Martin Philip King Ik Piau	Executive Director/ Malaysian	128,232,000	39.00	-	-	107,682,000	26.20	-	-
Yau Kah Tak	Executive Director/ Malaysian	-	-	( <sup>4</sup> )32,880,000	10.00	( <sup>3</sup> )282,000	*	( <sup>4</sup> )32,880,000	8.00
Tham Choi Kuen	Independent Non-Executive Director/ Malaysian	-	-	-	-	( <sup>3</sup> )100,000	*	-	-
Ilham Fadilah Binti Sunhaji	Independent Non-Executive Director/ Malaysian	-	-	-	-	( <sup>3</sup> )100,000	*	-	-
Reza Rizyy Bin Ahmad Rony Assim	Independent Non-Executive Director/ Malaysian	-	-	-	-	( <sup>3</sup> )100,000	*	-	-

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

### **Notes:**

- \* Less than 0.1%
- (1) Based on the share capital of 328,800,000 Shares after the Acquisitions.
- (2) Based on the enlarged share capital of 411,000,000 Shares after IPO.
- (3) Assuming our Directors fully subscribe for their respective entitlements under the Pink Form Allocations.
- (4) Deemed interested by virtue of his wife, Mary King Siaw Ning shareholdings pursuant to Section 8 of the Act.

### **5.2.2 Profiles of Directors**

#### **(i) Nor Azzam Bin Abdul Jalil**

*Independent Non-Executive Chairman*

Nor Azzam Bin Abdul Jalil, a Malaysian, aged 55, is our Independent Non-Executive Chairman. He was appointed to our Board on 14 August 2019 and is the Chairman of our Remuneration Committee. He is also a member of our Audit and Risk Management Committee and our Nominating Committee.

He graduated with a Bachelor of Business Administration (Finance) from George Washington University, USA in 1987. Upon his graduation, he was employed as an Executive Trainee by Bank of Commerce (M) Berhad. In 1991, he was promoted as Assistant Vice President responsible for managing the bank's Nostro accounts. In 1993, he moved to the corporate banking department as a Credit Officer and was promoted to Head of Japanese Desk in January 1995.

In 1999, after the merger of Bank of Commerce (M) Berhad and Bank Bumiputra Malaysia Berhad to Bumiputra-Commerce Bank Berhad, he was redesignated as Business Center Manager where he was responsible to set-up and manage a business center in Klang Valley. In 2000, he was seconded to Tokyo, Japan branch of Bumiputra-Commerce Bank Berhad as General Manager to manage the day-to-day operations of the branch.

In 2005, he returned to Malaysia to become Chief Executive Officer of Commerce Tijari Bank Berhad and was transferred to CIMB Bank Berhad as Regional Director IV (responsible for the South Selangor and Negeri Sembilan branches) in 2006. He was subsequently promoted to Senior Vice President/Regional Director I (responsible for the Kuala Lumpur branches) in 2010. He remained with the CIMB group and was promoted several times before leaving CIMB Bank Berhad in 2016. His last position with the bank was Acting Head of Consumer Sales and Distribution, responsible for driving retail banking and enterprise banking businesses. He joined Kuwait Finance House (Malaysia) Berhad in the same year as Deputy Chief Executive Officer, where he was responsible for assisting in driving the overall strategic direction of the bank's business.

In 2017, he left Kuwait Finance House (Malaysia) Berhad to join his family business, Voxel Imaging Sdn Bhd, a visual effects and production company for film and television as well as end-to-end production for corporate and commercial clients. He currently manages the financial and investment aspects of the company.

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

Presently, he sits on the Board of Revenue Group Berhad, a company listed on the ACE Market, where he was appointed as an Independent Non-Executive Chairman in December 2017. He also holds directorship in several private limited companies.

### **(ii) Kenny Ronald Ngalin**

*Promoter, substantial shareholder and Managing Director*

Kenny Ronald Ngalin, a Malaysian, aged 44, is our Managing Director. He was appointed to our Board on 1 April 2019. He is our Group's founder and has spearheaded the business growth of our Group since its inception in 2011. He is principally responsible for overseeing the day-to-day operations and implementation of the overall strategies and corporate direction of our Group.

He has more than 16 years of working experience in the O&G industry, specialising in health, safety and environment.

He obtained his Nursing Diploma from Pantai Institute of Health Science & Nursing in 2001 and holds a certificate from The National Examination Board in Occupational Safety & Health (NEBOSH) United Kingdom since 2012.

He began his oilfield career in 2002 with International SOS (Malaysia) Sdn Bhd, as an offshore medic providing medical care and various health and safety trainings onboard offshore drilling rigs, platform and remote areas. Throughout his tenure, he was involved in various projects and short assignments as Rig Medic to various local and international O&G companies, such as GlobalSantaFe Corporation, Murphy Oil Corp Sarawak Sdn Bhd, EnSCO Gerudi (Malaysia) Sdn Bhd, Transocean Inc., Western Geco Inc. and Grant Geophysical Inc. During his assignments and projects, he was assigned to work on various types of drilling rigs, vessels, floating production storage, shipyards and base in Malaysia, Thailand, Vietnam, Brunei, Indonesia and Singapore, Sudan, China and Nigeria.

In 2005, he left International SOS (Malaysia) Sdn Bhd and joined Tioman Drilling Sdn Bhd -Smedvig S.A as Safety Training Officer. In 2006, he left Tioman Drilling Sdn Bhd -Smedvig S.A and joined Transocean Drilling Sdn Bhd as Rig Safety Training Coordinator. He later joined Seadrill Management (S) Pte Ltd as a Safety Coach in 2007, where he was responsible to ensure that offshore drilling rigs and platform were in compliance with the internal and external governing requirements.

In 2011, he founded OVE while he was still attached to Seadrill Management (S) Pte Ltd. In 2013, he left Seadrill Management (S) Pte Ltd to focus solely on OVE.

He presently holds directorship and shareholdings in a number of private limited companies.

### **(iii) Martin Philip King Ik Piau**

*Promoter, substantial shareholder and Executive Director*

Martin Philip King Ik Piau, a Malaysian, aged 48, is our Executive Director. He was appointed to our Board on 1 April 2019. He joined our Group in 2013 and has been instrumental to the business growth and development of our Group since then. He is responsible for overseeing the overall daily operations of our EPC, project management and procurement activities.

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

He graduated with a Bachelor of Chemical Engineering (Gas) from Universiti Teknologi Malaysia in 1997. He then obtained his Masters in Engineering (Gas) from Universiti Teknologi Malaysia in 2002. He has accumulated 18 years of experience in the EPC and project management for the O&G industry.

He began his career in 2001, as a Project Engineer at Vantage Steel Works Sdn Bhd where he was involved in a piping fabrication, installation and pre-commissioning project for a butanediol plant in Malaysia. In 2002, he left Vantage Steel Works Sdn Bhd and joined Toyo Engineering & Construction Sdn Bhd in 2002 as a Project Engineer and was involved in projects for process engineering design. In 2004, he left Toyo Engineering & Construction Sdn Bhd and joined WHESSOE Sdn Bhd as Project Engineer, where he was involved in various EPCC projects and hydropower plant projects. He was then promoted to Project Manager in 2011.

In 2013, he left WHESSOE Sdn Bhd and joined OVE in the same year as a General Manager where he was tasked with overseeing operations, engineering and projects.

He presently holds directorship and shareholdings in several private limited companies.

**(iv)**

**Yau Kah Tak**

*Promoter, substantial shareholder and Executive Director*

Yau Kah Tak, a Malaysian, aged 41, is our Executive Director. He was appointed to our Board on 1 April 2019. He joined our Group in 2014 and has been instrumental to the business growth and development of our Group since then. He is responsible for managing and implementing our Group's business development plans and strategies.

He obtained his Bachelor in Mechanical Engineering with honours from Universiti Teknologi Malaysia in 2001. He has 18 years of experience working in the EPC and project management for the O&G industry.

In 2001, he joined Transocean Inc. under the Rig Engineer Trainee Programme, and was stationed in Brazil. The Rig Engineer Trainee Programme is a 3-year programme that has been designed to accelerate and advance personnel into management roles in the company. Upon completion of the programme in 2004, he assumed the role of Operations Engineer, where he worked closely with rig managers and offshore rig management teams in managing the day to day operations and rig maintenance activities.

He was subsequently promoted to the position of Regional Operations Engineer – Performance in 2005, where he worked closely with the Director of Performance for Asia Pacific Unit on performance monitoring and improvement activities and operations lateral learning reviews. In 2006, he was promoted to Rig Manager – Asset and in the same year, became Rig Manager – Performance. In 2007, he joined Seadrill Management (S) Pte Ltd as an Operations Engineer where his role involved project management.

Subsequently, in 2008, he joined Transocean Inc. as Rig Manager – Asset. In 2011, he was promoted to Strategic Sourcing Manager, where he was involved in pricing agreements, contracts management, vendor performance and management. He then joined Shelf Drilling Ventures Malaysia Sdn Bhd as a Rig Manager in 2013, where he was in charge of offshore rig management team and operational performance.

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

In 2014, he left Shelf Drilling Ventures Malaysia Sdn Bhd and joined OVE in the same year, as a Business Development Manager. In August 2017, he left our Group to take a 1-year contract as a Rig Manager in charge of offshore rig management team and operational performance with Perisai Drilling Sdn Bhd, then a customer to OVE. Prior to leaving our Group, he was offered by Kenny Ronald Ngalin a stake in OVE via Call Option 2, on the understanding that he could only exercise the Call Option 2 when he rejoins our Group. He rejoined OVE in September 2018 and exercised the Call Option 2 on 21 September 2018 and emerged as a substantial shareholder in November 2018 through his wife, Mary King Siaw Ning.

He presently holds directorship and shareholdings in several private limited companies.

### **(v) Tham Choi Kuen** *Independent Non-Executive Director*

Tham Choi Kuen, a Malaysian, aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 1 April 2019 and is the Chairman of our Audit and Risk Management Committee. She is also a member of our Remuneration Committee and our Nomination Committee.

In 2004, she obtained her professional accounting qualification from the Chartered Institute of Management Accountants (CIMA), United Kingdom. She has been a chartered accountant and a member of the Malaysian Institute of Accountants since 2005.

She began her career in 1997 as an Accounts Executive in the Accounts and Finance Department at Drard Holdings Sdn Bhd, where her duties included the preparation and maintenance of management reports, financial statements and related accounting reports. She was subsequently promoted to Assistant Manager in the Accounts and Finance department in 2000, where she was involved in management accounts reporting, budgeting, variance analysis, internal control, taxation, and financial and cash management.

In 2001, she left Drard Holdings Sdn Bhd to focus on her family and furthering her professional qualification in CIMA and subsequently re-joined the workforce in 2004 as Financial Controller at Azrahi Hotels Sdn Bhd (a subsidiary of Drard Holdings Sdn Bhd). During her tenure, she was responsible for overseeing the overall accounts, finance and treasury functions.

In 2007, she joined ITP Sdn Bhd as a Manager for student fees collections and accounts receivables management. She was then re-designated as Finance and Administrative Manager in 2009, where her duties included the preparation of the weekly sales and marketing cost reports for management review and ensuring proper quality control for all payment transactions. In 2017, she was promoted as the Senior General Manager of Finance, Credit Control and Administration of Kolej Universiti Linton Sdn Bhd, an affiliate of ITP Sdn Bhd where she was in-charge of the company's financial and administrative department.

In June 2017, she left Kolej Universiti Linton Sdn Bhd and joined DWL Resources Berhad (formerly known as Spring Gallery Berhad) as a Financial Controller to oversee the corporate and financial aspects of the Company. In October 2017, she was promoted to Chief Financial Officer and is responsible for overseeing the overall finance-related functions of DWL Resources Berhad including monitoring of financial

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

performance and results, financial reporting, treasury management and tax compliance.

She presently holds directorship in several private limited companies.

### **(vi) Ilham Fadilah Binti Sunhaji**

*Independent Non-Executive Director*

Ilham Fadilah Binti Sunhaji, a Malaysian, aged 38, is our Independent Non-Executive Director. She was appointed to our Board on 1 April 2019 and is the Chairman of our Nomination Committee. She is also a member of our Audit and Risk Management Committee and our Remuneration Committee.

She completed her Bachelor of Arts majoring in International Studies (Global Security) and Political Science from the University of Wisconsin-Madison, United States of America in 2005. In 2014, she obtained her Masters of Business Administration in Strategic Management from the International Islamic University Malaysia. She is currently pursuing her Doctorate of Business Administration focusing on Corporate Governance in SEGI University.

She began her career in Solid Partners Sdn Bhd in 2005 as an Executive in the Sales and Marketing department where she was involved in the tendering and procurement of military and medical equipment. In 2006, she joined Accenture Malaysia as an Analyst, where she executed change management work stream deliverables and facilitated the development of global technology solutions for the national automotive manufacturing company.

In 2008, she was promoted as Consultant where she was involved in the establishment of global technology solutions division of a national oil and gas company. Subsequently, she was promoted to Manager in 2010, where she was involved in a few projects for the national O&G Company and national land public transportation. Her role included strategic planning, development and execution of organisation transformation plans, designing of high-level business operating models, as well as the development of deployment strategies and on-line knowledge repository systems.

In 2012, she left Accenture Malaysia and joined Performance Management and Delivery Unit ("PEMANDU"), an agency of the Prime Minister's Department as Manager. Her role included the rationalisation of subsidies and the facilitation of fuel standard upgrade. She was also involved in the human capital development, and was in charge of the implementation, assessment and facilitation of progress and development of two national key economic areas; oil, gas and energy as well as financial services under the Economic Transformation Programme.

Subsequently, she was promoted to Senior Manager in 2014, where she was responsible to develop strategies and road maps for various industries. In March 2017, she was promoted to Vice President, where she facilitated discussion and negotiation on gas pricing as part of gas market liberalisation across ministries and agencies for the power and non-power sectors.

In August 2017, she left PEMANDU and joined Pemandu Associates Sdn Bhd, a private management consultancy firm established by the preceding PEMANDU management, as Senior Vice President, where she is currently responsible for strategic planning and development and execution of organisation transformation plans.

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

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Presently, she is the Independent Non-Executive Director of Econframe Berhad (seeking listing on the ACE Market). She is also a director and shareholder of a private limited company.

**(vii) Reza-Rizvy Bin Ahmad Rony Assim**

*Independent Non-Executive Director*

Reza-Rizvy Bin Ahmad Rony Assim, a Malaysian, aged 40, is our Independent Non-Executive Director. He was appointed to our Board on 1 April 2019. He is member of our Audit and Risk Management Committee, Remuneration Committee and our Nomination Committee.

He completed his Matriculation Programme in Engineering from Universiti Putra Malaysia in 1999. He commenced his Bachelor in Engineering in Robotics and Mechatronics from the Swinburne University of Technology, Kuching, Sarawak in 2001 and graduated in 2009.

While pursuing his degree on a part time basis from 2001 to 2009, from September 2006 to January 2009, he joined Naim Holdings Berhad as Sales Assistant in the Sales and Marketing department to help finance his studies. Subsequently, he took up industrial training with Sarawak Energy Berhad from January to July 2009.

In 2010, he served as Private Secretary to the then Deputy Minister of Agriculture and Agro-based Industries. In the same year, he then served as Private Secretary to the then Deputy Minister of Domestic Trade, Cooperatives and Consumerism.

Subsequently, in 2013, he served as Senior Private Secretary to the then Minister of Women, Family and Community Development up till 2018. During this period, he was also involved in Yayasan Kebajikan Negara, a non-profit organisation. As a board member he participated in the planning and execution of the organisation's programmes and activities.

In 2018, he joined Proviera SCD Biotech Sdn Bhd in Kuching, Sarawak, a company involved in probiotic technology for agriculture and industrial waste. As an Associate Marketing Director, he is responsible for developing and managing growth strategies for the company. He is also a member, since 2010, of Persatuan Anak Sarawak Semenanjung, a non-profit organisation that was established to help look into the welfare of Sarawakians in Peninsular Malaysia.

He currently is a director and shareholder in several private limited companies.

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

### 5.2.3 Principal business performed outside our Group

Save as disclosed in 5.2.2 above and below, none of our Directors has any other principal directorship, shareholdings and/or principal business activities performed outside our Group in the past 5 years up to LPD:

#### (i) Nor Azzam Bin Abdul Jalil

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>% of shareholdings held as at LPD</u>		
			<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Direct</u>
Voxel Communications Sdn Bhd	Design development of web portal	Director	18 February 2019	-	-
Voxel Imaging Sdn Bhd	Design development of web portal	Director	30 November 2018	-	-
Revenue Group Berhad	Investment holding company engaged in providing cashless payment solutions	Independent Non-Executive Chairman	1 December 2017	-	0.07
<u>Past involvement</u>					
Sunway South Quay Sdn Bhd	Real estate developer	Non-Independent Non-Executive Director	25 July 2016	8 February 2017	-
Flora Bliss Property Development Sdn Bhd	Acquiring, dealing and trading in real property	Non-Independent Non-Executive Director	25 July 2016	8 February 2017	-
CTMB-Principal Asset Management Berhad	Investment management company	Non-Independent Non-Executive Director	4 December 2013	26 May 2016	-

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

**(ii) Kenny Ronald Ngalin**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of resignation</b>	<b>% of shareholdings held as at LPD</b>	
					<b>Direct</b>	<b>Indirect</b>
<b>Present involvement</b>						
Kancera Delima Aqua Farming Sdn Bhd	Dormant Previously involved in aquaculture	Director	11 January 2016	-	80.00	-
Profile Properties Sdn Bhd <i>(formerly known as Ocean Vantage Group Sdn Bhd)</i>	Properties investment holding	Director	23 December 2013	-	35.00	-
PS Fabricator Sdn Bhd <i>(formerly known as Ocean Vantage Fabricator Sdn Bhd)</i>	Dormant since incorporation, intended to manufacture or prefabricated structural components for building or civil engineering of cement, concrete or artificial stone	Director	14 November 2013	-	85.00	-
Venom Properties Sdn Bhd <i>(formerly known as Ocean Vantage Properties Sdn Bhd)</i>	Properties investment holding	Director	20 February 2013	-	16.60	-
Horizon Plantations Sdn Bhd <i>(formerly known as Ocean Vantage Plantations Sdn Bhd)</i>	Dormant since incorporation, intended to carry out plantation business.	Director	10 January 2012	-	50.00	-
<b>Past involvement</b>						
Limpahan Mahamas Sdn Bhd	Language learning centre	Director	8 July 2014	28 March 2018	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Viva Maison Land Development Sdn Bhd	Dormant since incorporation	Director	20 October 2014	30 June 2016	-
Dynamic Force Marketing Sdn Bhd ( <i>formerly known as Ocean Vantage Trading Sdn Bhd</i> )	Trading of industrial products	and Director	25 January 2012	2 January 2017	-
Borneo Material Handling Sdn Bhd	Wholesale of industrial equipment and supplies	machinery, Disposed shares on 13 September 2016	-	-	60.00
<b>(iii) Martin Philip King Ik Piau</b>					
<b>Present involvement</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Profile Properties Sdn Bhd ( <i>formerly known as Ocean Vantage Group Sdn Bhd</i> )	Properties investment holding	Director	23 December 2013	-	20.00
PS Fabricator Sdn Bhd ( <i>formerly known as Ocean Vantage Fabricator Sdn Bhd</i> )	Dormant since incorporation, intended to manufacture or prefabricated structural components for building or civil engineering of cement, concrete or artificial stone	-	-	-	16.66

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Direct</b>	<b>Indirect</b>	<b> </b>
Tung Huat Engineering Sdn Bhd	Trading of general hardware and spare parts	-	-	-	11.25
Venom Properties Sdn Bhd <i>(formerly known as Ocean Vantage Properties Sdn Bhd)</i>	Properties investment holding	-	-	-	16.60
<b>Past involvement</b>					
Dynamic Force Marketing Sdn Bhd <i>(formerly known as Ocean Vantage Trading Sdn Bhd)</i>	Trading of industrial products	and Director	16 May 2013	2 January 2017	-
<b>(iv) Yau Kah Tak</b>					
<b>Present involvement</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of resignation</b>	<b>% of shareholdings held as at LPD</b>
					<b>Direct</b>
Primoden Living Solutions Sdn Bhd	Distribution of kitchenware and housewares	Director	11 May 2016	-	40.00
Viva Maison Land Development Sdn Bhd	Dormant since incorporation, to carry business on distribution and supply of industrial equipment and products	Director	30 June 2016	-	25.00

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>		<b>Date of resignation</b>	<b>% of shareholdings held as at LPD</b>
			<b>Direct</b>	<b>Indirect</b>		
Sustainable Ventures Sdn Bhd	Engineering consultancy services	Director	16 March 2016	-	-	66.66
Profile Properties Sdn Bhd <i>(formerly known as Ocean Vantage Group Sdn Bhd)</i>	Properties investment holding	Director	10 March 2016	-	-	20.00
Marine Vantage (Thailand) Co. Ltd. <i>(formerly known as Ocean Vantage (Thailand) Co. Ltd.)</i>	Trading of industrial products	and Director	4 August 2015	-	-	30.00
PS Fabricator Sdn Bhd <i>(formerly known as Ocean Vantage Fabricator Sdn Bhd)</i>	Dormant since incorporation, intended to manufacture or prefabricated structural components for building or civil engineering of cement, concrete or artificial stone	Director	29 December 2014	-	-	15.00
TFB Sdn Bhd	Properties investment holding	Director	29 April 2014	-	-	20.00
Venom Properties Sdn Bhd <i>(formerly known as Ocean Vantage Properties Sdn Bhd)</i>	Properties investment holding	Director	20 February 2013	-	-	8.33

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Horizon Plantations Sdn Bhd (formerly known as <i>Ocean Vantage Plantations Sdn Bhd</i> )	Dormant since incorporation, intended to carry out plantation business	Director	10 January 2012	-	25.00
<b>Past involvement</b>					
Dynamic Force Marketing Sdn Bhd (formerly known as <i>Ocean Vantage Trading Sdn Bhd</i> )	Trading of industrial products	Director	25 January 2012	15 May 2013	20.00
	Industrial equipment and				-
	Disposed shares on 2 January 2017				
Quantum Fabrication Sdn Bhd	Fabrication and engineering related works	Director	27 December 2017	6 June 2019	50.00
	Disposed shares on 6 June 2019				-
<b>(v) Tham Choi Kuen</b>					
<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Summark Point Sdn Bhd	Property investment holding	Director	1 June 2017	-	-
Profit Sunland Sdn Bhd	Property construction and related business	Director	1 June 2017	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
<b>Past involvement</b>					
Million Rich Development Sdn Bhd	Property development and other related services	Director	1 June 2017	5 January 2018	-
Million Rich Resources Sdn Bhd	Dormant since incorporation, intended for export and import of goods including property investment and construction	Director	1 June 2017	10 April 2018	-
Instant Initiative Sdn Bhd	Property investment holding	Director	1 June 2017	13 May 2019	-
<b>(vi) Ilham Fadillah Binti Sunhaji</b>					
<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
<b>Present involvement</b>					
Econframe Berhad	Investment holding company engaged in design and manufacturing of metal door frames, of fire resistant door sets, of metal doors and trading of wooden doors and ironmongery.	Independent Non-Executive Director	11 February 2020	-	-
Neocap Sdn Bhd	Inactive. The company is newly incorporated and has not commenced any activities. However, it is intended to capture new business activities involving trading, import and export.	Director/ Sole Shareholder	14 February 2020	-	100.00

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

**(vii) Reza-Rizvy Bin Ahmad Rony Assim**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Direct</b>	<b>Indirect</b>	
Double Solaris Sdn Bhd	Dormant since incorporation, intended for general trading	Director	13 December 2016	-	49.90
Proviera SCD Biotech Sdn Bhd	Commercialisation of microbial-based products for various applications and to undertake its related research and development activities	-	-	-	5.00
U.P. Services Sdn Bhd	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts	Director	1 September 2018	-	-
SCD Biotech Sdn Bhd	Trading of bio-technology products, chemicals and fertilizer	Director	29 July 2019	-	-
<b>Past involvement</b>					
Kayemnas Development Sdn Bhd	Dissolved on 16 June 2017	Director	25 July 2006	15 September 2009	-
Siarra Suria Sdn Bhd	Dissolved on 18 July 2014	Director	1 January 2010	-	-

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 Directors 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.

Please refer to Section 11.1 for details of conflict of interest between our Group and our Directors and substantial shareholders.

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

### 5.3 KEY SENIOR MANAGEMENT

#### 5.3.1 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO			(1)(2)After IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Chang Vun Lung	Chief Financial Officer/ Malaysian	-	-	-	-	320,000	*
Thomas Jalong	General Manager/ Malaysian	-	-	-	-	360,000	*

#### Notes:

- \* Less than 0.1%
- (1) Based on the enlarged share capital of 411,000,000 Shares after the IPO.
- (2) Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

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

### **5.3.2 Profiles of key senior management**

Save for the profiles of our Directors, which are disclosed in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

#### **(i) Chang Vun Lung** *Chief Financial Officer*

Chang Vun Lung, a Malaysian, aged 44, is our Chief Financial Officer. He is responsible for overseeing our Group's overall finance-related functions including monitoring of financial performance and results, financial reporting, treasury management and tax compliance.

In 2004, he obtained his professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom. He has been a member of the Malaysian Institute of Accountants since 2005 and a fellow member of the Association of Chartered Certified Accountants, United Kingdom since 2009.

He began his career as an Audit Associate in BDO Binder (now known as BDO PLT) in 2001, where he led and supervised an audit team, as well as carried out statutory audit assignments and investigation audit. In 2005, he joined Isyoda Corporation Berhad, when the company was still publicly listed on the Main Board of Bursa Securities as an Accountant, where he was responsible for the preparation and analysis of the financial operations of the Group. He was subsequently promoted to Group Accountant in 2007, where he handled the key accounts of the group of companies, including foreign subsidiary companies.

In 2008, he left Isyoda Corporation Berhad and joined Synergy Business Advisory Sdn Bhd, a business consulting and management company, and its affiliate Synergy Management Solutions Sdn Bhd, a company secretarial services firm, as Director. In 2011, he was appointed as director of Commerce Cube Sdn Bhd, a company involved in company secretarial services. He resigned as a director of Commerce Cube Sdn Bhd in 2012.

In 2012, he was appointed as director of Infinity Corporate Services Sdn Bhd, a company involved in company secretarial services. In July 2013, Synergy Business Advisory Sdn Bhd and Synergy Management Solutions Sdn Bhd were dissolved and his role as director of these companies ended. He joined OVE as Financial Controller in February 2014. He then resigned as a director of Infinity Corporate Services Sdn Bhd in March 2014. He redesignated to his current position in our Group in January 2019.

Presently, he is the Independent Non-Executive Director of Focus Dynamic Technologies Berhad. He is also a director and shareholder in a number of private limited companies.

#### **(ii) Thomas Jalong** *General Manager*

Thomas Jalong, a Malaysian, aged 54, is our General Manager. He is responsible for overseeing the overall daily operations of the engineering and design and fabrication activities of our Group. He also oversees the quality control and assurance of the Group.

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

In 1985, he completed his secondary education from Sekolah Menengah Kebangsaan Lutong. He has 39 years of working experience in the O&G industry. Upon completing his secondary education, he began working as an Assistant Material Coordinator for Bintulu Crude Oil Terminal, Tanjung Kidurong in 1986.

In 1987, he joined Yong Tze Kiok Sdn Bhd as a Civil Foreman where he was involved in the construction of 2 units of impounding basins and underground insulated drainage piping at the Bintulu Crude Oil Terminal. Subsequently, in 1988, he joined CBI Overseas Inc. as a Non-Destructive Examination Assistant cum Radiography worker, where he carried out radiographic testing, stress-free temperature testing, and visual testing.

In 1989, he took the role as an Erection Trainee and Blaster Painter at CBI Overseas Inc. and was promoted to Non-Destructive Examination Technician cum Blaster Painter in 1990. Subsequently, in 1992, he was promoted as a Non-Destructive Examination Technician, where he carried out radiographic testing, magnetic testing, penetrant testing, stress-free temperature testing, and visual testing.

In 1996, he left CBI Overseas Inc. and joined Samsung Heavy Industries (Thailand) Co. Ltd. as a Quality Assurance and Quality Control Supervisor, where he was responsible for controlling and conducting welder's qualification testing, and inspection test planning. He was then promoted to Site Quality Assurance and Quality Control Manager in 1997, where he oversees the quality assurance department. In 2001, he was promoted to Site Construction Manager.

In 2003, he left Samsung Heavy Industries (Thailand) Co. Ltd. to join Spheretech Engineering Sdn Bhd as a Site Construction Manager. The following year, he then joined Gobil Corrosion Engineering Sdn Bhd as a Quality Assurance and Quality Control worker cum Senior Blasting and Painting Supervisor, where he was involved in various top side maintenance works for offshore drilling rigs, platforms and floating production storage and offloading vessels, as well as in the management, coordination and training of personnel to ensure that their compliance with the clients' specifications and requirements.

In 2012, he joined OVE as Business Development Manager, where he was involved in the bidding of projects as well as marketing. He was then promoted to Technical Manager in 2014, where he was involved in various topside and tanks maintenance works, conducting site surveys, and establishing blasting and painting plans. He was also responsible for crew selection, manpower planning, as well as training and briefing crew members. He assumed his current position in 2017.

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

**5.3.3 Principal business performed outside our Group**

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

**(i) Chang Vun Lung**

<b>Present involvement</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of resignation</b>	<b>% of shareholdings held as at LPD</b>
			<b>Direct</b>	<b>Indirect</b>	
Marine Vantage (Thailand) Co. Ltd. ( <i>formerly known as Ocean Vantage (Thailand) Co. Ltd.</i> )	Trading of industrial equipment and products	-	-	-	30.00
Green Ecodevelopment Sdn Bhd	Dormant since incorporation, intended to for business in property development, project land development and building builders and construction works	Director	21 February 2013	-	-
Green Ecoland Sdn Bhd	Dormant since incorporation, intended to for business in property development, project land development and building builders and construction works	Director	21 February 2013	-	-
Focus Dynamics Group Berhad	Investment holding company engaged in the marketing, distribution, and sale of industrial instruments. Also involved in food and beverage business	Independent Non-Executive Director	8 January 2013	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>% of shareholdings held as at LPD</b>	
				<b>Direct</b>	<b>Indirect</b>
<b>Past involvement</b>					
OS Precision Equipment Sdn Bhd	Trading of take-out robots and related spare parts and the provision of technical and after sales services to its customers	Secretary	28 June 2013	18 June 2014	-
Yin Fu Sports and Entertainment Sdn Bhd	Production or promotion of sports events, with or without facilities	Secretary	8 December 2017	3 January 2019	-
Peninsular IT Consulting Group Sdn Bhd	Provision of IT services	Secretary	1 October 2018	2 July 2019	-
Quantum Fabrication Sdn Bhd	Fabrication and engineering related works	Director	27 December 2017	6 June 2019	50.00
		Disposed shares on 6 June 2019			
AMZ Apparel Sdn Bhd	Retail sale of footwear	Secretary	31 March 2017	2 July 2019	-
Avida Hotel Sdn Bhd	Hotel operator	Secretary	9 May 2018	24 July 2019	-
Titan Port Specialist Sdn Bhd	Dormant since incorporation, intended for construction services	Secretary	2 March 2018	24 July 2019	-
Makalumart Sdn Bhd	Online sale of products	Director	27 March 2018	7 June 2019	-
		Secretary	27 March 2018	10 June 2019	

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of resignation</b>	<b>% of shareholdings held as at LPD</b>	
					<b>Direct</b>	<b>Indirect</b>
Jupiter Mobility Sdn Bhd	Repair and maintenance of cellular phones and other incidental activities	Director	27 October 2017	26 November 2018	-	-
Araisuper Marketing Sdn Bhd	Dormant since incorporation, intended for wholesale of other household goods	Secretary	28 October 2017	7 June 2019	-	-
GSM Project Sdn Bhd	Dormant since incorporation, intended for wholesale of lubricants, fuels and auto parts	Secretary	13 July 2018	17 June 2019	-	-
Agroresurs Marketing Sdn Bhd	Dormant since incorporation, intended for wholesale of agricultural products, pet foods and consulting in agricultural sector	Secretary	1 March 2019	24 June 2019	-	-
Chrome Corporate Services Sdn Bhd	Corporate services activities	Director/Secretary	10 October 2016	24 June 2019	50.00	-
GG Facilities Management Sdn Bhd	Provision of IT services	Disposed shares on 24 June 2019				-
Protech Distribution Sdn Bhd	Dormant since incorporation, intended for wholesale of construction materials and industrial equipment	Director/Secretary	17 April 2018	15 July 2019	-	-
		Secretary	1 March 2019	24 July 2019	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Vsolar Group Berhad	Investment holding, mainly engaged in the production of renewable energy, media publishing, software solutions and related services	Independent Non- Executive Director	26 March 2018	31 December 2019	-
AT Systematization Berhad	Investment holdings involved in the designs, manufacturing, and fabrication of industrial automation systems, machinery, and industrial and engineering parts	Independent Non- Executive Director	1 March 2013	31 December 2019	-

Chang Vun Lung is the Independent Non-Executive Director of Focus Dynamic Group Berhad, listed on the ACE Market. He is not involved in the day-to-day operations of those companies but attends board and relevant committee meetings of these public listed companies. His involvements outside our Group have not in the past, and are not expected to, affect his performance as CFO of our Group, and therefore do not result in a situation of conflict of interest.

### (ii) Thomas Jalong

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>% of shareholdings held as at LPD</b>		
			<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Direct</b>
Borneo Material Handling Sdn Bhd	Wholesale of industrial equipment and supplies.	machinery, Director	28 April 2016	3 May 2017	30.00
		Disposed shares on 3 May 2017			-

The involvement of our key senior management for the business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in such 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.

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

**5.4 DIRECTORS' AND KEY SENIOR MANAGEMENT'S REMUNERATION AND BENEFITS**

**5.4.1 Directors' remuneration and benefits**

The remuneration of our Directors including fees, salaries, bonuses, commissions, other emoluments and benefits-in-kind, 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 15.3 for further details.

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 2019 and 2020 are as follows:

FYE 2019 Director	Directors' fees RM'000	Benefits- in-kind and allowance			Total RM'000
		Salaries RM'000	Bonuses RM'000	RM'000	
Nor Azzam Bin Abdul Jalil <sup>(3)</sup>	-	-	-	-	-
Kenny Ronald Ngalin <sup>(2)</sup>	-	240	-	-	240
Martin Philip King Ik Piau <sup>(2)</sup>	-	162	-	23	185
Yau Kah Tak <sup>(2)</sup>	-	180	-	-	180
Tham Choi Kuen <sup>(2)</sup>	-	-	-	-	-
Ilham Fadilah Binti Sunhaji <sup>(2)</sup>	-	-	-	-	-
Reza-Rizvy Bin Ahmad Rony Assim <sup>(2)</sup>	-	-	-	-	-

Proposed for FYE 2020 Director	Directors' fees RM'000	Benefits- in-kind and allowance			Total RM'000
		Salaries RM'000	(1) Bonuses RM'000	RM'000	
Nor Azzam Bin Abdul Jalil <sup>(3)</sup>	48	-	-	-	48
Kenny Ronald Ngalin <sup>(2)</sup>	-	336	-	-	336
Martin Philip King Ik Piau <sup>(2)</sup>	-	312	-	30	342
Yau Kah Tak <sup>(2)</sup>	-	336	-	-	336
Tham Choi Kuen <sup>(2)</sup>	30	-	-	-	30
Ilham Fadilah Binti Sunhaji <sup>(2)</sup>	30	-	-	-	30
Reza-Rizvy Bin Ahmad Rony Assim <sup>(2)</sup>	24	-	-	-	24

**Notes:**

(1) Bonuses for FYE 2020 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

(2) Appointed on 1 April 2019.

(3) Appointed on 14 August 2019.

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

**5.4.2 Key senior management's remuneration and benefits**

The remuneration of our key senior management including, salaries, bonuses, commissions, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2019 and 2020 are as follows:

<b>FYE 2019</b>	<b>(in bands of RM50,000)</b>		
	<b>Remuneration</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Chang Vun Lung	150 - 200	-	150 - 200
Thomas Jalong	150 - 200	-	150 - 200
<b>Proposed for FYE 2020<sup>(1)</sup></b>			
Chang Vun Lung	250 - 300	-	250 - 300
Thomas Jalong	150 - 200	-	150 - 200

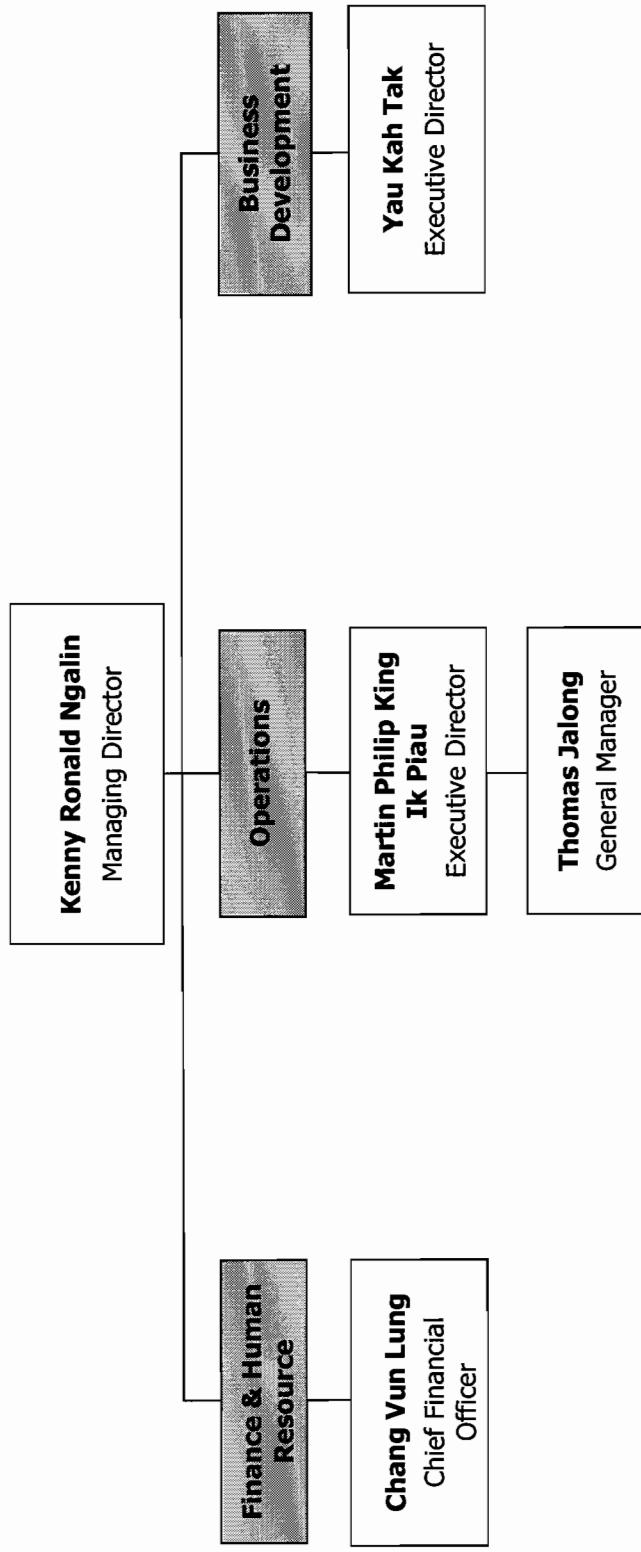
**Note:**

<sup>(1)</sup> The bonuses for FYE 2020 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group.

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

### 5.5 MANAGEMENT REPORTING STRUCTURE



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

**5.6 BOARD PRACTICE**

**5.6.1 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;
- (iv) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code of Corporate Governance;
- (v) To review and approve our annual business plans, financial statements and annual reports;
- (vi) To supervise and assess management performance to determine whether the business is being properly managed;
- (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;
- (viii) To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (ix) To ensure the integrity of our company's financial and non-financial reporting; and
- (x) 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 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:

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate no. of years in office as at LPD</b>
Nor Azzam Bin Abdul Jalil	14 August 2019	At our second annual general meeting to be held in 2020 <sup>(1)</sup>	Less than 1 year
Kenny Ronald Ngalin	1 April 2019	At our second annual general meeting to be held in 2020 <sup>(2)</sup>	More than 1 year

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

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate no. of years in office as at LPD</b>
Martin Philip King Ik Piau	1 April 2019	At our second annual general meeting to be held in 2020 <sup>(2)</sup>	More than 1 year
Yau Kah Tak	1 April 2019	At our fourth annual general meeting to be held in 2022 <sup>(2)</sup>	More than 1 year
Tham Choi Kuen	1 April 2019	At our fourth annual general meeting to be held in 2022 <sup>(2)</sup>	More than 1 year
Ilham Fadilah Binti Sunhaji	1 April 2019	At our third annual general meeting to be held in 2021 <sup>(2)</sup>	More than 1 year
Reza-Rizvy Ahmad Assim Bin Rony	1 April 2019	At our third annual general meeting to be held in 2021 <sup>(2)</sup>	More than 1 year

**Notes:**

(1) In accordance with our Constitution, the new director duly appointed by the Directors shall hold office only until the next following annual general meeting, and he shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. This is provided always that the new additional Directors shall retire from office at the next following annual general meeting. The new Directors shall hold their office until the close of the next following annual general meeting.

(2) In accordance with our Constitution, an election of Directors shall take place each year at the first annual general meeting of the 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. This is provided always that all Directors shall retire from office once at least in each 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..

**5.6.2 Audit and Risk Management Committee**

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibilities on the oversight of the integrity of our Group's accounting and financial reporting matters as well as lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives and sustainability.

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

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

- (i) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (ii) To review the engagement, compensation, performance, qualifications of our internal auditors and the adequacy of the scope, functions and resources of the internal auditors;
- (iii) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iv) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (v) To perform such other functions as may be requested by our Board and to oversee and recommend the risk management policies and procedures of our Group;
- (vi) To review the adequacy and effectiveness of the risk management systems, internal controls and governance processes implemented in the Company to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (vii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (viii) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (ix) To review the risk profile of our Group and to evaluate the measures taken to mitigate the business risks; and
- (x) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tham Choi Kuen	Chairman	Independent Non-Executive Director
Nor Azzam Bin Abdul Jalil	Member	Independent Non-Executive Chairman
Ilham Fadilah Binti Sunhaji	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad	Member	Independent Non-Executive Director
Rony Assim		

Our Board will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

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

### **5.6.3 Remuneration Committee**

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The terms of reference of our Remuneration Committee include the following:

- (i) To recommend a framework of remuneration for our Managing Director, Executive Directors and key senior management for the Board's approval to ensure corporate accountability and governance in respect of our Board remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (ii) To recommend specific remuneration packages for Managing Director, Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Director and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (iii) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Managing Director and Executive Director and key senior management;
- (iv) To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management; and
- (v) To perform such other functions as may be requested by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Nor Azzam Bin Abdul Jalil	Chairman	Independent Non-Executive Chairman
Tham Choi Kuen	Member	Independent Non-Executive Director
Ilham Fadillah Binti Sunhaji	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad Rony Assim	Member	Independent Non-Executive Director

### **5.6.4 Nominating Committee**

The Nominating Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;

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

- (ii) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (iii) To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole and the effectiveness of each Director; and the performance of our Managing Director and Executive Directors. The annual assessment to be conducted would be based on objective performance criteria approved by our Board;
- (iv) To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (v) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same from our Director and thereafter, to inform the Audit Committee of the same. After deliberation with the Audit Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest;
- (vi) To evaluate the effectiveness of our Board and the relevant Board committees; and
- (vii) To ensure an appropriate framework and succession planning for our Board, including our Managing Director and Executive Directors.

The recommendations of our Nominating Committee are subject to the approval of our Board.

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

Name	Designation	Directorship
Ilham Fadilah Binti Sunhaji	Chairman	Independent Non-Executive Director
Nor Azzam Bin Abdul Jalil	Member	Independent Non-Executive Chairman
Tham Choi Kuen	Member	Independent Non-Executive Director
Reza-Rizvy Bin Ahmad	Member	Independent Non-Executive Director
Rony Assim		

## 5.7 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

- (i) Mary King Siaw Ning who is our substantial shareholders, is the wife to Yau Kah Tak our Executive Director. She is also the sister of Martin Philip King Ik Piau, our Executive Director.

## 5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company or any companies within our Group with our Directors or key senior management.

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

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**5.9 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at 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) Being the subject of any current investigation or disciplinary proceeding, or 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; or
- (viii) Have any unsatisfied judgment against them.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OVH

Our Company was incorporated in Malaysia under the Act on 10 October 2018 as a private limited company under the name Ocean Vantage Holdings Sdn Bhd, and subsequently converted into a public limited company on 10 April 2019 and assumed our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to LPD.

Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM16,440,000 comprising 328,800,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of Issue	Cumulative share capital RM
10 October 2018	100	RM0.10/Subscriber shares	10
6 February 2020	328,799,900	RM16,439,990/ Issued pursuant to the Acquisition of OVE	16,440,000

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM37,812,000 comprising 411,000,000 Shares from the issuance of 82,200,000 Issue Shares.

### 6.2 DETAILS OF OUR RESTRUCTURING

To formalise our listing group in preparation for our Listing, we have undertaken the Acquisitions.

#### 6.2.1 Acquisitions

In preparation for our Listing, we have undertaken the Acquisitions, details of which are as follows:

##### (i) Acquisition of OVE

On 29 March 2019, we entered into a conditional share sale agreement with the OVE Vendors to acquire the entire equity interest in OVE comprising 1,500,000 ordinary shares for a total purchase consideration of RM16,439,990. The purchase consideration for the Acquisition of OVE was satisfied by the issuance of 328,799,900 new Shares to the OVE Vendors at an issue price of RM0.05 each.

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

The details of the OVE Vendors and the number of Shares issued to them pursuant to the Acquisition of OVE are as follows:

Vendors	No. of OVE shares acquired	% of share capital in OVE	Purchase consideration	No. of Shares issued
				RM
Kenny Ronald Ngalin	765,000	51.00	8,384,395	167,687,900
Martin Philip King Ik Piau	585,000	39.00	6,411,595	128,232,000
Mary King Siaw Ning	150,000	10.00	1,644,000	32,880,000
	<b>1,500,000</b>	<b>100.00</b>	<b>16,439,990</b>	<b>328,799,900</b>

The total purchase consideration of RM16,439,990 for the Acquisition of OVE was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of OVE as at 31 December 2018 of RM16,437,755.

The Acquisition of OVE was completed on 12 February 2020. Thereafter, OVE became our wholly-owned subsidiary.

The new Shares issued pursuant to the Acquisition of OVE rank *pari passu* in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

### (ii) Acquisition of OVIT

On 29 March 2019, we entered into a conditional share sale agreement with the OVIT Vendor to acquire the entire equity interest in OVIT comprising 100,000 ordinary shares for a total purchase consideration of RM100. The purchase consideration for the Acquisition of OVIT was satisfied by cash.

The details of the OVIT Vendor and the consideration paid to him pursuant to the Acquisition of OVIT are as follows:

Vendors	No. of OVIT shares acquired	% of share capital in OVIT	Purchase consideration	No. of Shares issued
				RM
Kenny Ronald Ngalin	100,000	100.00	100	-
	<b>100,000</b>	<b>100.00</b>	<b>100</b>	<b>-</b>

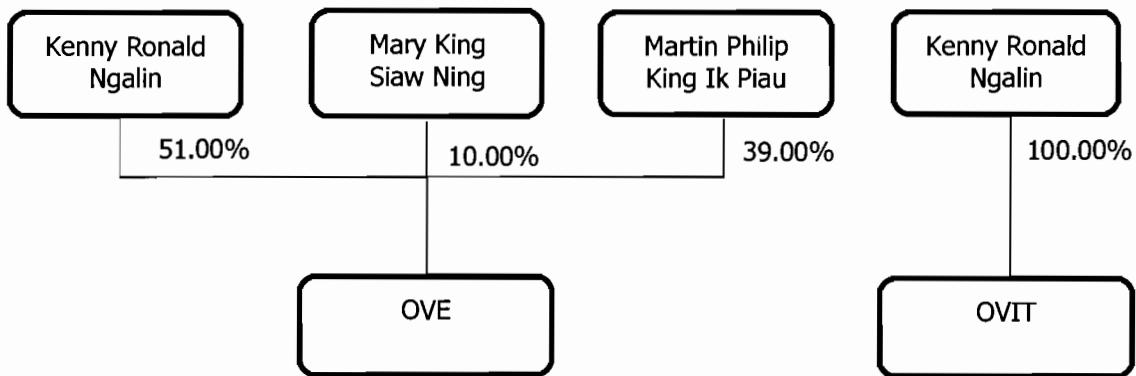
The total purchase consideration of RM100 for the Acquisition of OVIT was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NL of OVIT as at 31 December 2018 of RM5,853.

The Acquisition of OVIT was completed on 12 February 2020. Thereafter, OVIT became our wholly-owned subsidiary.

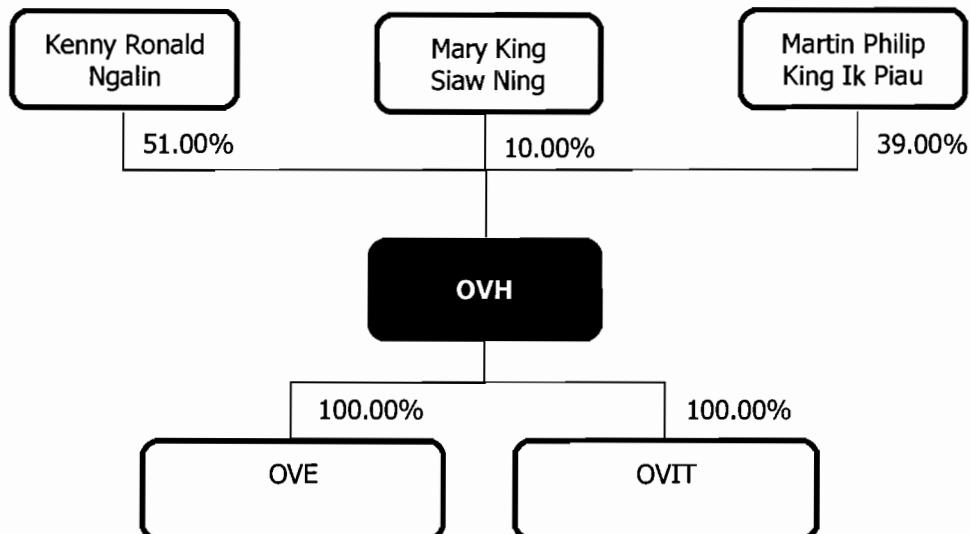
## 6. INFORMATION ON OUR GROUP (*Cont'd*)

Our Group structure before and after the Acquisitions are as follows:-

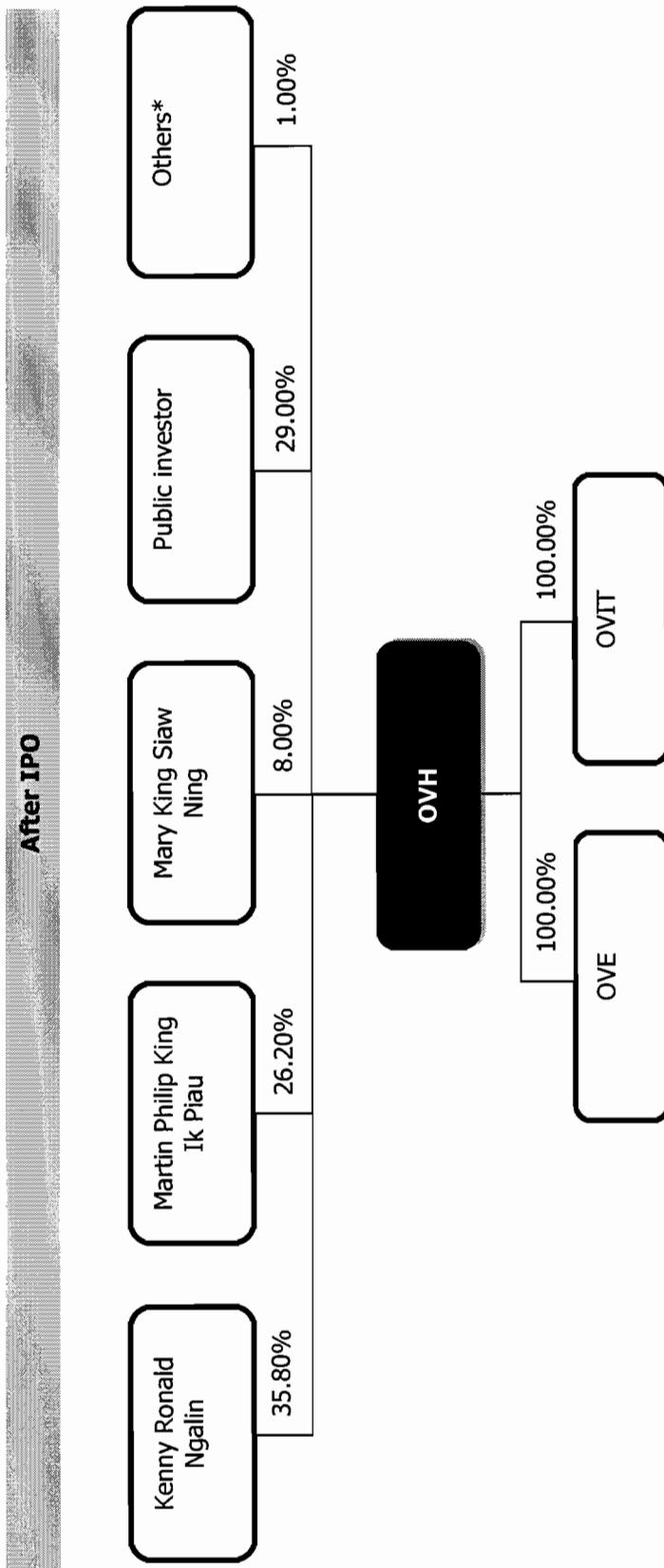
### Before the Acquisitions



### After the Acquisitions



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



### Note:

- \* Comprising eligible directors and employees of our Group under the Pink Form Allocations as stated in Section 4.3.2.

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

### 6.3 SUBSIDIARIES

As at the LPD, our subsidiaries are as follows:

Company	Registration No.	Date/Place of incorporation	Principal place of business	Effective equity interest %	Principal activities
OVE	201101018034 (946170-W)	25 May 2011/ Malaysia	Malaysia	100	Provision of offshore and onshore project management and EPC, supply of manpower, materials, tools, and equipment and drilling rig charter services
OVIT	201201014663 (988180-U)	25 April 2012/ Malaysia	Malaysia	100	Provision of NDT services

### 6.4 MATERIAL CONTRACTS

Save for the material contracts 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 FYE 2016 to 2019 and up to the date of this Prospectus:

- (i) The share sale agreement dated 29 March 2019 entered into between OVH and the OVE Vendors for the Acquisition of OVE;
- (ii) The share sale agreement dated 29 March 2019 entered into between OVH and the OVIT Vendor for the Acquisition of OVIT; and
- (iii) Underwriting agreement dated 20 May 2020 entered into between our Company and M&A Securities for the underwriting of 24,660,000 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

### 6.5 PUBLIC TAKE-OVERS

During the last financial year and the current financial year and up to 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.

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

### 6.6 INTELLECTUAL PROPERTIES

As at LPD, we have not registered any brand names, patents, trademarks or other intellectual property rights but we have filed application for the following trademarks with MyIPO:

No.	Trademark	Issuing Authority	Applicant	Class no.	Description	Application No./ Application date		Status as at the LPD
						TM2019015076/ 24 April 2019	Published for advertisement gazette	
(i)		MyIPO	OVH	35	Advertising; business management; business administration; office functions.			
(ii)		MyIPO	OVH	37	Building construction; repair; installation services.	TM2019015081/ 24 April 2019	Published for advertisement gazette	
(iii)		MyIPO	OVH	42	Scientific and technological services and research and design relating thereto; industrial analysis and industrial research services; design and development of computer hardware and software.	TM2019015083/ 24 April 2019	Published for advertisement gazette	

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

### 6.7 MAJOR APPROVALS AND LICENSES

As at LPD, there are no other major approvals, licenses and permits issued to our Group in order for us to carry out our operations other than those disclosed below.

No	Company	Issuing Authority/ Reference No.	Date of issue/ Date of expiry	Nature of licenses	or approval	Material conditions imposed	Compliance status	
(i)	OVE	CIDB/ 0120121204-SR147275	28 January 2020/ 23 January 2022	Certificate of Registration (Grade 7) with CIDB pursuant to the Construction Industry Development Board Malaysia Act 1994 ("CIDB Act") - License to carry out the business of civil engineering, mechanical and electrical work in relation to construction with no limit to the contractual sum of construction work.	(a) OVE fails to comply with any applicable laws and regulation, including but not limited to the CIDB Act;	(b) OVE has wound up or a petition of winding up has been served on OVE;	(c) OVE commits a fraudulent act or made false or fraudulent representations;	The registration with CIDB will be cancelled, suspended or revoked in the event that:

(e) OVE is found guilty by a competent court or the relevant authorities for any negligent acts committed in

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

No	Company	Issuing Authority/ Reference No.	Date of issue/ Date of expiry	Nature of licenses	or approval	Material conditions imposed	Compliance status
(ii)	OVE	PETRONAS	30 May 2019/ 29 May 2022	License with a total of 189 Standardised Work and Equipment Categories (SWEC) codes to supply product / service for the upstream sector in the oil/gas industry in Malaysia and the downstream sector of PETRONAS group of companies including maritime activities	Shall inform PETRONAS on any changes related to the company's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of license.	No shareholding equity condition imposed by Petronas. However, it is a criteria for application of the license under the PETRONAS License and Registration General Guidelines ("Guidelines"). The Guidelines states that a company must meet the Bumiputera participation requirement for equity based on the SWEC applied. The Guidelines further states that a public incorporated company ("Berhad Company") or private incorporated company which is owned 100% by a Berhad	Complied

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

No	Company	Issuing Authority/ Reference No.	Date of issue/ Date of expiry	Nature of licenses	or approval	Material conditions imposed	Compliance status
						Company applying for SWEC that requires a minimum of 51% or 100% Bumiputera content and if the Bumiputera percentage is not met, the Company is given a flexibility as long as the Berhad Company shares is held at least 35% by Bumiputera.	

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

### 6.8 PROPERTY, PLANT AND EQUIPMENT

#### 6.8.1 Property owned by our Group

The details of material property owned by our Group as at LPD are as follows:

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Land use	Description and existing use	Occupation/ Certificate of completion and compliance	Age of building	Total land area sq ft	Build up area sq ft	Build up area sq ft	Carrying amount as at 31 December 2019 RM'000	Date of issuance of certificate of fitness for
												31 December 2019
OVE	Geran No. Hakmilik 339818, Lot 39815, Mukim Senai, Daerah Kulajaya, Negeri Johor	No. 657, Jalan Idaman 3/4, Taman Senai Industrial Park, 81400 Kulai, Johor	Freehold	Industrial	1 ½ storey factory with built-in office in front/ Fabrication yard and office/ freehold/ light industrial land	26 May 2006	14 years	26,598	7,902	2,108	Charged to Public Bank Berhad	26 May 2006

None of the property owned by our Group is in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land laws or building regulations/by-laws.

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

### 6.8.2 Property rented by our Group

The details of material property rented by us as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/Existing use	Date of issuance of certificate of completion and compliance		Period of tenancy/ Rental per month
				Built-up area sq ft	sq ft	
(i)	Lot 5570, 1 <sup>st</sup> Floor, Jalan Desa Pujut Shophouse, Pusat Bandar Baru Permyjaya, 98100 Miri, Sarawak	Tan Too Liang/ OVE	1 <sup>st</sup> floor of 3 storey shophouse/ Branch office	1,615	29 May 2007	2 years (1 March 2020-28 February 2022)/ RM800
(ii)	Lot 5569, 1 <sup>st</sup> Floor, Jalan Desa Pujut Shophouse, Pusat Bandar Baru Permyjaya, 98100 Miri, Sarawak	Raphael Phan/ OVE	1 <sup>st</sup> floor of 3 storey shophouse/ Branch office	1,615	29 May 2007	2 years (15 November 2018-14 November 2020)/ RM800
(iii)	Second Floor, Shoplot 13 (2587), Kidurong Gateway Tg Kidurong, 97000 Bintulu, Sarawak	Chee Lai Pek/ OVE	2 <sup>nd</sup> Floor of 3 storey shophouse/ Branch office	1,507	21 January 2016	1 year (1 May 2020- 30 April 2021) with option to renew for a further term of 2 years/ RM1,200
(iv)	F-01-03, Level 3, Block F, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor	Venom Properties Sdn Bhd (formerly known as Ocean Property Sdn Bhd) OVE	3 <sup>rd</sup> Floor of 3 storey shophouse/ Branch office	3,104	10 November 2011	2 years (1 June 2020- 31 May 2022) with option to renew for a further term of 2 years/ RM11,000

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

No.	Postal address	Landlord/ Tenant	Description/Existing use	Date of issuance of certificate of completion and compliance		Period of tenancy/ Rental per month
				Built-up area sq ft		
(v)	Lot CL 205359548, Jalan Rancha-Rancha, 87000 Labuan	Ngo Tung Khai/ OVE	Vacant land/Storage	10,763.90		<sup>(1)</sup> Nil
(vi)	Lot 6, 2nd Floor, Wisma Wong Wo Lo, Jalan Tun Mustapha, 87000 Labuan	Wong Wo Lo Realty Sdn Bhd/ OVE	2 <sup>nd</sup> Floor of 5 storey shophouse/ Branch office	1,350	25 July 1994	1 year (15 May 2020- 14 May 2021) with option to renew for a further term of 1 year/ RM6,500

### Note:

(1) Vacant land

None of the property rented by our Group is in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

### 6.8.3 Acquisition of properties

We did not enter into any sale and purchase agreement to acquire any properties during FYE 2016 to 2019 up to LPD.

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

### 6.8.4 Regulatory requirements and environmental issues

As at LPD, there are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our assets.

### 6.8.5 Material capital expenditures and divestitures

Save for the expenditures for assets located in Malaysia disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for FYE 2016 to 2019 and up to LPD:

Material capital expenditures	At cost				LPD RM'000
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	
Property, plant and equipment comprising:					
Computer and software	-	33	97	74	11
Machineries	1,051	-	157	2,471	-
Office equipment	11	1	3	-	-
Tools and equipment	-	-	457	731	974
Furniture and fittings	-	-	-	4	-
Right-of-use assets	-	-	-	149	-
	<b>1,062</b>	<b>34</b>	<b>714</b>	<b>3,429</b>	<b>985</b>

The above material capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Please refer to Section 12.2 for further commentary on the material capital expenditures.

Save for the disposals of assets located in Malaysia disclosed below, there were no other material capital divestitures (including interests in other corporations) made by us for FYE 2016 to 2019 and up to LPD:

Material capital divestitures	At cost				LPD RM'000
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	
Property, plant and equipment comprising:					
Motor vehicles	-	25	-	-	-
Computer and software	-	-	-	4	-
	<b>-</b>	<b>25</b>	<b>-</b>	<b>4</b>	<b>-</b>

The above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated and no longer in use or obsolete or surpassed their useful lives.

Save for our planned capital expenditures for our expansion plans as set out in Section 7.21, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia up to LPD.

### 6.8.6 Material plans to construct, expand or improve facilities

As at LPD, our Group has no immediate plans to construct, expand and improve our facilities.

## **7. BUSINESS OVERVIEW**

### **7.1 INCORPORATION AND HISTORY**

Our Company was incorporated in Malaysia on 10 October 2018 under the Act as a private limited company. Our Company was subsequently converted to a public limited company on 10 April 2019. We were incorporated as a special purpose vehicle to facilitate the listing of our subsidiaries, OVE and OVIT on the ACE Market. Our Group is principally involved in the provision of support services for the O&G industry where we support both the upstream and downstream O&G activities.

Our Group's history can be traced back to 2011, with the incorporation of OVE on 25 May 2011. OVE commenced operations as a provider of engineering, fabrication and NDT inspection and testing services, with Kenny Ronald Ngalin as Managing Director. Kenny Ronald Ngalin was responsible for building OVE's business.

Our first OVE office was set up in Miri, Sarawak in 2011, where we remain to date. O&G is a key economic sector in Sarawak, with the state's history in O&G activities spanning back to 1910. Sarawak's O&G industry contributed to 24.30% of Malaysia's GDP in 2017. Being a company which has its origin in Sarawak, has positioned us to capitalize on the state's O&G industry, given the scale of O&G activities in East Malaysia.

We secured our first contract in May 2011 as a subcontractor for the provision of manpower and equipment to carry out engineering and fabrication works in Labuan. Then in 2012, we undertook our first overseas upstream oilfield services project where we were engaged to provide blasting and painting services as well as manpower and equipment supply in Saudi Arabia for an international drilling contractor, Transocean Asia Services Sdn Bhd.

On 25 April 2012, OVIT was incorporated to provide NDT, material testing and welding services. With this, we further expanded our NDT inspection and testing services business to better cater for the growing needs of the O&G drilling contractors in Malaysia.

In July 2012, OVIT was recognised as an approved external specialist for hull gauging services by the American Bureau of Shipping (ABS), an international shipping classification organisation which provides classification services as well as on-the-ground technical services for the marine and offshore energy industries. The ABS recognition is commonly a requirement by our customers when offering hull gauging services, especially on ABS certified rigs/vessels. Furthermore, this recognition provides our customers the assurance of the quality and standard of our services. Further in the same year, OVE was registered with the CIDB as a Grade 3 contractor.

Leveraging on the experience of our Executive Director, Martin Philip King Ik Piau, who joined us in 2013 as General Manager, we developed our capabilities in design engineering and fabrication, as well as enhanced our project management delivery.

In the same year, we set up a corporate office in Puchong, Selangor, to provide better support to our customers located in Peninsular Malaysia. OVE's CIDB license was also upgraded from Grade 3 to Grade 5 in 2013 and subsequently to Grade 7 in 2014, allowing us the flexibility to bid for civil, electrical and mechanical projects without cap on contract value.

In 2014, OVE obtained PETRONAS license. We further expanded by opening a fabrication yard in Senai, Johor, as well as an office in Bintulu, Sarawak. In the same year, Yau Kah Tak joined us as Business Development Manager where he spearheaded our business development department.

## **7. BUSINESS OVERVIEW (Cont'd)**

In September 2014, OVE was appointed as the exclusive agent and partner for Noble, a United Kingdom based O&G offshore drilling contractor listed on the New York Stock Exchange. Leveraging on our relationship with Noble, we extended our services to include the provision of drillships, semi-submersibles and jack-up drilling rigs charter for upstream O&G activities in Malaysia. Through the Noble Arrangement, OVE secured a contract in May 2015 with an international oil company for the provision of a deepwater drillship, the Noble Bully II Drillship in Labuan. The contract includes the charter of the drillship, the manpower to operate the drillship including the machineries and equipment, for the international oil company to perform drilling operations. The commission income earned under this arrangement was RM0.56 million.

The year 2015 saw OVE being certified by Det Norske Veritas (a certification body for the maritime, O&G and energy industries) for meeting its standards in the manufacture of offshore containers in relation to OVE's fabrication works. Amongst the offshore containers that we fabricate are cargo baskets, lifting frames and gas bottle racks.

In 2016, OVE was certified ISO 9001:2015 compliant by Bureau Veritas Certification (Malaysia) Sdn Bhd for EPC, installation, commissioning and maintenance services of onshore and offshore facilities for O&G, petrochemical and related industries. In the same year, OVIT was certified to conduct thickness measurement of hull structures by Bureau Veritas Certification (Malaysia) Sdn Bhd.

Despite the challenging operating environment in the O&G industry due to the fluctuations in crude oil prices between 2016 and 2018, our business recorded a rise in revenue from RM17.65 million in FYE 2016 to RM30.49 million in FYE 2018.

In November 2018, both Martin Philip King Ik Piau and Yau Kah Tak (through his wife, Mary King Siaw Ning, who is also the sister of Martin Philip King Ik Piau) emerged as substantial shareholders in OVE alongside Kenny Ronald Ngalin, when they exercised the Call Options which were previously extended to them by Kenny Ronald Ngalin in 2015 and 2017 respectively.

In January 2019, OVIT was approved to engage in the provision of thickness measurements on ships using standards and requirements set by Nippon Kaiji Kyokai, a ship classification society based in Japan. This enables the Group to perform work on ships registered under the society. Further in October 2019, OVIT was approved to engage in the provision of thickness measurements of hull structures using standards and requirements set by Registro Italiano Navale (RINA), a ship classification and certification society based in Italy.

Our Puchong office was redesignated as our corporate office in 2013, housing our engineering, procurement, business development, finance and human resources departments, which were relocated to Puchong from our Miri office. We relocated some of our operations to Puchong as our major customer's offices/headquarters are based in Klang Valley. Nonetheless, our office in Miri, headed by our General Manager – Thomas Jalong, manages our projects in East Malaysia. Further, our Miri office functions as our recruitment centre where we source offshore and onshore personnel for our supply of manpower services. Kenny Ronald Ngalin, Martin Philip King Ik Piau and Yau Kah Tak oversee the operations of all our offices, commuting regularly on a weekly basis between Peninsular Malaysia and East Malaysia for management visits to our offices, client meetings as well as site visits to our clients' premises.

Since the incorporation of OVE, we have grown with our business evolving from the mere supply of manpower and equipment to a wider range of services encompassing project management, EPC and drilling rig charter services. We have delivered our services for customers operating in over 15 countries in the regions of Asia Pacific, Middle East, Africa, Europe and Americas.

## 7. BUSINESS OVERVIEW (Cont'd)

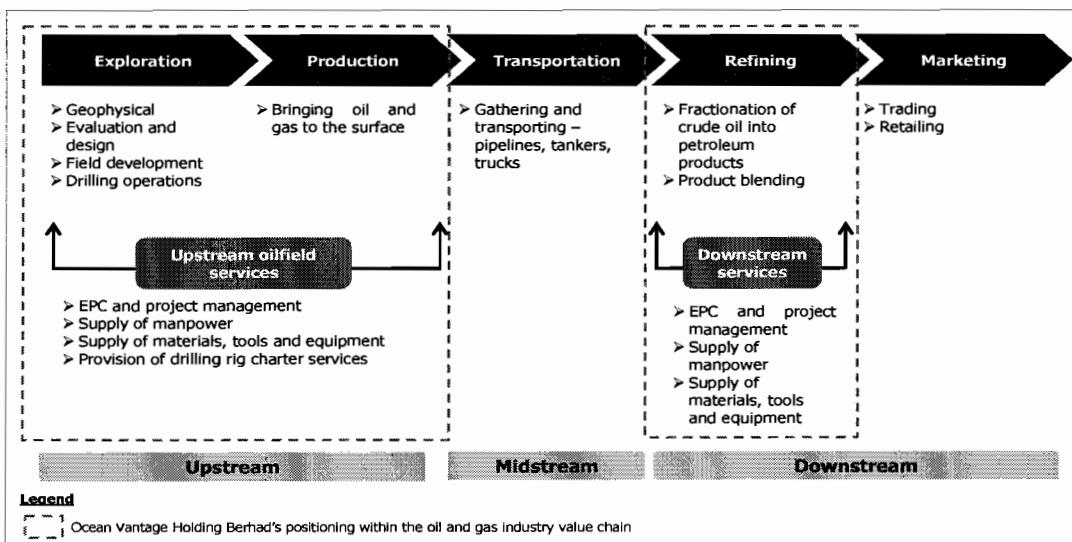
### 7.2 PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Our Group is principally involved in the provision of support services for the O&G industry, where our main business activities comprise:

- (i) EPC and project management;
- (ii) supply of manpower;
- (iii) supply of materials, tools and equipment; and
- (iv) provision of drilling rig charter services.

We support upstream and downstream activities in the O&G industry. Presently, we primarily operate in the upstream O&G segment. Our Group currently has limited exposure to downstream O&G activities but we plan to further expand our business in that segment. Our customers comprise international drilling contractors, oilfield service companies, international and national oil companies.

Our Group's positioning within the O&G industry value chain is as depicted below:



Source: IMR Report by PROVIDENCE

#### 7.2.1 EPC and project management

Under our EPC services, we carry out engineering and project management, procurement as well as construction activities for our customers. Our project management services relate to the planning, implementation, monitoring and completion of specific technical tasks based on the requirements of our customers. Under our project management services, we manage works done by our employees as well as third party contractors.

We provide project management services in specific technical areas across various stages in the life of an O&G field. We support our customers in asset maintenance and rejuvenation in accordance with an existing project development plan. For the upstream O&G segment, we assist our customers to manage rig modification, reactivation, stacking, as well as repair and maintenance, where we also bundle our EPC services and the supply of materials, tools and equipment. We are engaged by our customers primarily through purchase orders for a specific requirement which are normally ad hoc in nature.

## 7. BUSINESS OVERVIEW (Cont'd)

(i) We provide EPC services for upstream and downstream O&G projects. Our EPC services include:

### Upstream segment

<b>EPC services</b>	<b>Description</b>
Accommodation refurbishment	We refurbish and upkeep accommodation space or units in offshore installations, where the challenge is to provide liveable conditions for large crews in limited space while meeting safety requirements imposed by customers.
Blasting and painting	We provide surface blasting (a method to thoroughly clean an object and to prepare the surface for effective application of paint) and painting for objects, parts or equipment on O&G installations. Such service is regularly required for O&G installations that are exposed to harsh weather and operating environment. Surface blasting and painting works prolongs the useful life of the object, parts or the equipment where wear, corrosion and damage are common.
Crane, structural, piping replacement	We replace damaged or faulty cranes, structures, and piping to good working condition. Our service includes repair of spud cans, vessel sea chests, risers, and leg bracings for our customers.
Equipment rental, repair and maintenance	We rent, maintain and restore equipment and machines such as generators, pumps and electrical panels.
Fabrication and construction of structures	We construct and install structures such as staircases, work platforms, and bridges on offshore platforms. We also fabricate O&G equipment such as offshore containers, cargo baskets, lifting frames, and mud skips.
Marine security	We install anti-intrusion barriers to prevent unlawful over-the-side access to offshore installations and vessels.
NDT	We provide NDT services to evaluate integrity of components or systems such as pipelines, structures, pressure vessels and storage tanks without causing permanent damage to these components and systems. The NDT services that we offer to our customers are carried out by our NDT inspectors.
Rope access	We provide access solutions using ropes and associated equipment to sites. Rope access is a method where workers carry out work at various heights where ropes and associated equipment are used to gain access to and from the work position, and to be supported there.
Scaffolding	We provide scaffoldings, a temporary structure built to allow access for maintenance and other works, services to sites.
Tank cleaning and repair	We provide services to clean storage tanks, to remove solids and sludge, as well as renovating and demolishing storage tanks. We engaged subcontractors to treat and dispose sludge.

## 7. BUSINESS OVERVIEW (Cont'd)

<b>EPC services</b>	<b>Description</b>
	We also work with our customers to minimise potential disruptions to their day to day operations.
Underwater inspections and repairs	We provide underwater inspection and repair services on hulls, spudcans (base cones on jack-up drilling rigs) and pipelines of offshore rigs. To do this, we deploy our technicians as well as engage subcontractors to perform these services (where we do not have in-house expertise), and when required, we rent the necessary equipment to perform such services.

### Downstream segment

<b>EPC services</b>	<b>Description</b>
Blasting and painting	We provide surface blasting for downstream structures to prolong the useful life of the object, parts or the equipment where wear, corrosion and damage are common.
Civil construction, mechanical, electrical and instrumentation for new construction	We provide services for construction site preparation, piping fabrication, cable installation and instrumentation installation in refineries and petrochemical plants.
Equipment repair and maintenance	We provide services to preserve and restore equipment and machines such as generators, motors, pumps, electrical panels.
NDT	Similar to what we provide for the upstream segment.
Overhaul, inspection, repair and maintenance	Overhaul, inspection, repair and maintenance of equipment and machinery in O&G refineries and petrochemical complexes.
Process design and installation	We design and install critical operating systems such flow control and electrical instruments.
Rope access	Similar to what we provide for the upstream segment.
Scaffolding	Similar to what we provide for the upstream segment.
Structural, piping replacement	Replacement of damaged or faulty structures and piping.

## 7. BUSINESS OVERVIEW (Cont'd)

(ii) The project management services that we provide include the following:

### Upstream segment

Services	Description
Rig/platform modification	The upgrading of a drilling rig to improve existing capabilities and/or add new capabilities. This includes deck strengthening, building additional walkways and access routes, and deck extensions.
Rig reactivation	The restoration of a drilling rig to enable it to perform its intended function/become fully operational. This includes corrosion assessments, testing of hoisting and handling equipment, and installation of steelwork and valves.
Rig stacking	The storing of a drilling rig when the rig is to be withdrawn from operation for an extended period.
Rig repair and maintenance	Overall inspection, repair and maintenance for O&G rigs/platforms.

### Downstream segment

Services	Description
Commissioning, start-up and turnaround of systems	Commissioning, start-up and turnaround of critical civil, mechanical, electrical and instrumentation systems in refineries and petrochemical plants such as piping and steel structure work.
Overhaul and maintenance projects for O&G refineries and petrochemical complexes	Maintenance of equipment, instruments and facilities at refineries and petrochemical plants, relating to equipment inspection and repair.

In order to perform our EPC services, we utilise our employees as well as engage subcontractors (e.g. coded welders, fitters, scaffolders, blasters and painters, NDT inspectors, rope access specialists and divers).

Unlike the supply of manpower services, as detailed below, our services under EPC projects are task specific and we have to deliver the outcome of the project or task in order to invoice our customers.

## 7. BUSINESS OVERVIEW (Cont'd)

Examples of our completed EPC and project management work/projects are as follows:

Description of works/projects	Client	Work Value RM'000	Work Period
Provision of scaffolding materials and cargo baskets rental services	Rowandrill Malaysia Sdn Bhd	101	December 2012 – March 2013
Engineering, design & fabrication of rubbish skips, mini container, cargo basket	Kencana Marine Drilling Sdn Bhd	241	April 2014 – July 2014
Offshore installation of under balance drilling well test lines	Maersk Drilling Holdings Singapore Pte Ltd	350	August 2014
Engineering, design & fabrication of 10 feet open top container, 20 feet open top container	UMW Offshore Drilling Sdn Bhd	203	September 2014 – January 2015
Provision of blasting and painting services	Japan Drilling Co. Ltd	340	April 2015 – May 2015
Engineering, design & fabrication of preload tanks docking plugs	Seadrill Offshore Malaysia Sdn Bhd	130	May 2017 – Jun 2017
Provision of NDT and rope access services	Transocean Drilling Offshore Ventures	687	September 2017 – January 2018
Provision of listed plant change project work	Asean Bintulu Fertilizer Sdn Bhd	861	May 2018 – November 2018
Civil works for the upgrading of Bintulu Integrated Facility (gas sales facilities)	Serba Dinamik Sdn Bhd	1,209	August 2019 – December 2019

### 7.2.2 Supply of manpower

We provide manpower supply services for the upstream and downstream segment of the O&G industry.

We utilise our manpower database to assist our customers in sourcing offshore and onshore personnel with relevant skills and qualifications to fulfil specific job requirements. Our manpower supply is focused on the provision of drilling, marine and maintenance crew. We are engaged by our customers primarily through purchase orders for a specific requirement which are normally ad hoc in nature.

We match our manpower supply to customer requirements for the specified contract periods, which may be renewed. These candidates are hired on a contractual basis by OVE, who then carry out their duties for our customers. We also engage subcontractors in relation to our manpower supply services. These subcontractors are companies or businesses that has the necessary manpower requirements to carry out the duties for our customers.

## 7. BUSINESS OVERVIEW (Cont'd)

Our manpower supply currently involves the supply of candidates in the following roles:

Category	Manpower supplied
Drilling crew	Drillers, assistant drillers, pumpmen, derrickmen, floorhands, safety and training coaches
Marine crew	Engine room operators, dynamic positioning officers, roustabouts, Able bodied seamen, oilers, bosuns, deckpushers, knuckle boom crane operators, assistant marine section leaders, medical officers, Global maritime distress and safety system radio operators
Maintenance crew	Mechanics, electricians, electronic technicians, Electronic & Instrument technicians, hydraulic technicians, subsea engineers, motormen, material coordinators
Onshore crew	Health and safety executive advisors, network simulation analysts, logistics coordinators, buyers and engineers

### 7.2.3 Supply of materials, tools and equipment

We supply materials, tools and equipment used in O&G projects, some of which are fabricated in-house at our yard. We are able to fabricate containers, cargo baskets, lifting frames and gas bottle racks based on customers' specification. The following are the categories of materials, tools and equipment that we supply:

- (i) Blasting and painting supplies;
- (ii) Personal protective equipment, welding gases and related consumables;
- (iii) Steel profiles and plates;
- (iv) Non-steel materials;
- (v) Quality control tools and equipment;
- (vi) Other consumables such as medical supply, stationeries etc.

### 7.2.4 Provision of drilling rig charter services

In September 2014, we were appointed as the exclusive agent and partner for Noble in Malaysia for the provision of drill ships, semi-submersibles and jack-up drilling rigs.

#### 7.2.4.1 Agency arrangement with Noble Group

In September 2014, Noble appointed OVE as their exclusive agent and partner to market and charter their drilling rigs in Malaysia. In April 2018, this arrangement was extended for an additional 5 years. Under this arrangement, Noble provides drill ships, semi-submersibles and jack-up drilling rigs (through OVE) to O&G companies operating in Malaysia.

Our Group earns a commission income calculated based on a pre-agreed percentage of fees charged for drilling rig charter services by Noble (through OVE) to these O&G companies. However, our Group is only entitled for commission if the drilling rigs are chartered for use in Malaysian water. Noble may charge for other services (including drilling rig charter services outside of Malaysian waters, additional crew members, logistic services and accommodation

## 7. BUSINESS OVERVIEW (Cont'd)

expenses) to these O&G customers through OVE, where we are not entitled for any commission income.

Contractually, OVE will bill these O&G companies for the above fees and Noble (or its affiliate, Noble Contracting Offshore Drilling (M) Sdn Bhd) will bill OVE for such services provided under the Noble Arrangement.

As such, we recognise the amount receivable (from our customers under the Noble Arrangement) and amount payable to Noble Contracting Offshore Drilling (M) Sdn Bhd as the said amounts are contractual obligations between our customers with our Group, and our Group with Noble Contracting Offshore Drilling (M) Sdn Bhd. Our Group will only make payment to Noble Contracting Offshore Drilling (M) Sdn Bhd after we received payments from the O&G customers, as this is a pass-through arrangement.

For information purposes, the commission income under this arrangement is derived as follows:

	FYE 2016 RM '000	FYE 2017 RM '000	FYE 2018 RM '000	FYE 2019 RM '000
Billings to the O&G customers				
- Drilling rig charter	38,177	66,355	-	-
- Other services	204,829	48,013	-	-
Total billings under Noble Arrangement*	243,006	114,368	-	-
<b>Commission income earned by our Group**</b>	<b>560</b>	<b>664</b>	-	-

### Notes:

\* Being total cost of drilling rig charter and other services provided by Noble

\*\* Being commission charge by OVE to Noble Contracting Offshore Drilling (M) Sdn Bhd on the drilling rig charter service under the Noble Arrangement

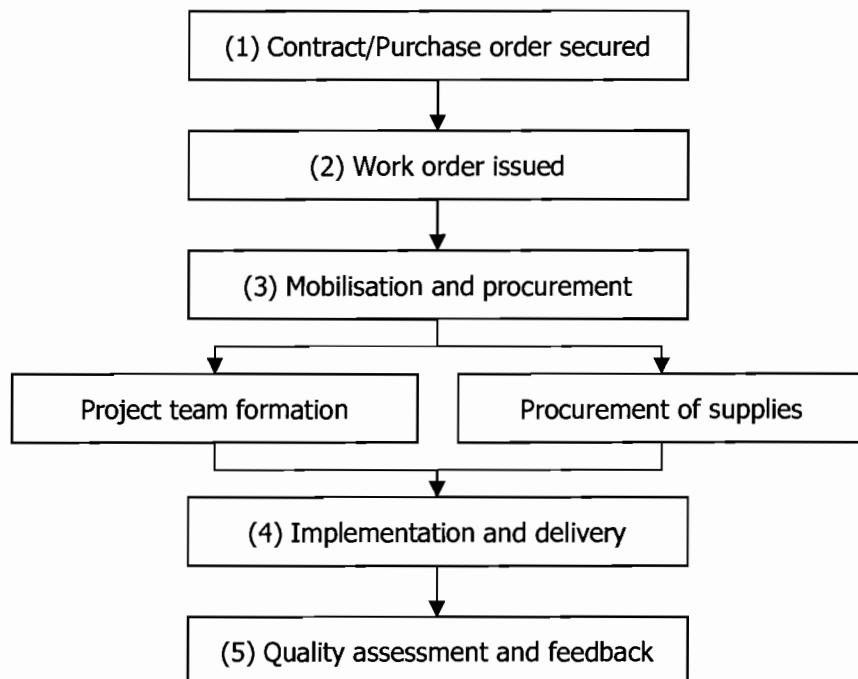
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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3 BUSINESS PROCESSES

#### 7.3.1 EPC AND PROJECT MANAGEMENT AND SUPPLY OF MATERIALS, TOOLS AND EQUIPMENT

Our Group adheres to the following processes in a typical EPC and project management as well as supply of materials, tools and equipment project:



##### (1) Contract/Purchase order secured

We secure business leads typically through referrals from existing customers and our marketing efforts. As an approved vendor for PETRONAS, we are allowed to provide products and services to the upstream and downstream sector of the O&G industry in Malaysia. Our customers mainly comprise international drilling contractors, oilfield service companies, international and national oil companies.

Prospective customers typically enquire about our capabilities and capacity to undertake a certain project. Thereafter, we schedule meetings with the customer to further discuss technical specifications, operational requirements, commercial terms (including material and equipment cost and payment terms) and delivery schedules.

A preliminary proposal is then presented to the customer for their further consideration. The customer may choose to make an additional assessment of our capabilities and quality control systems by inspecting our facilities. After further negotiations, we then arrive at an agreement on the terms and conditions with the customer for the project. The customer then issues a purchase order to us. We are engaged by our customers primarily through purchase orders.

##### (2) Work order issued

A work order is an authorisation of the works to be carried out by our Group, based on the requirements of our customers. This work order is an internally generated document that provides critical information to assigned employees, outlining tasks and customer requirements.

## **7. BUSINESS OVERVIEW (Cont'd)**

### **(3) Mobilisation and procurement**

A project management team is formed to undertake the work order. This project team typically comprises engineers, technicians, human resources, finance and administration employees under the supervision of a project manager, who is typically a member of our key management team.

During the mobilisation phase, schedules are also planned indicating key delivery dates and milestones for the project. Detailed cost estimations are also done to ascertain project budgets. Budget control reports are generated regularly to monitor project expenses.

For our EPC as well as supply of materials, tools and equipment projects, we may purchase items such as steel plates, pipes and fittings based on the specifications of our customers. For items that we fabricate, we will commence procuring the relevant raw materials.

### **(4) Implementation and delivery**

Once the relevant manpower, materials and equipment are in place, we commence with the delivery of services to our customers. We may from time to time, engage third party subcontractors to perform non-core works for which we do not have in-house capabilities, where this comprises activities such as civil works. Work is controlled and executed based on specified procedures or work instructions. For work that we perform in-house, only trained and qualified persons are engaged to carry out such fabrication work and other processes. Under the implementation phase, we also fabricate containers, cargo baskets, lifting frames and gas bottle racks based on customers' specification, should this be part of the scope that we have been engaged to deliver to our customers. Specifications for such processes are communicated to the team performing the task by the project manager to ensure safety and compliance with specification requirements. Meetings are held by the project management team where issues are identified and resolved.

Upon completion of the project, commissioning and testing of all equipment is conducted internally based on customers' quality requirements, to ensure the work done and equipment delivered is in good order and complies with the applicable specifications and standards prior to handover to the customer. In selected instances, commissioning and testing may be carried out together with third party classification societies or surveyors, should our customers require this.

Subject to satisfactory tests and customer acceptance, the completed project is delivered along with the relevant documentation such as quality control records and manufacturing data records to the customer.

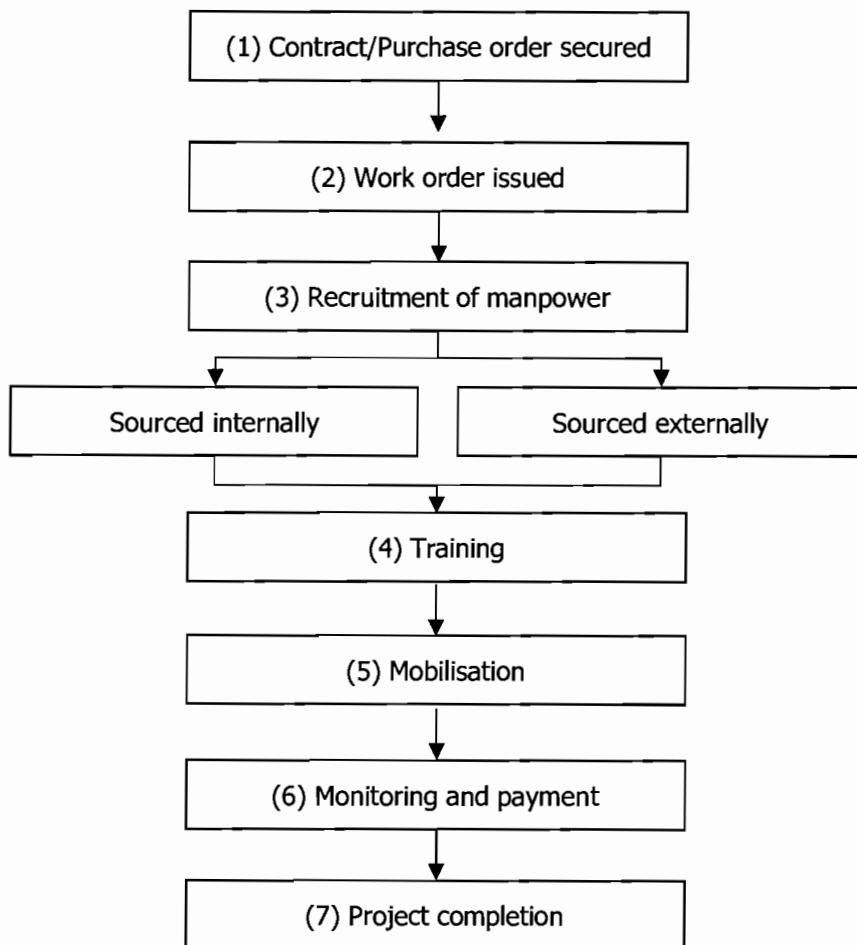
### **(5) Quality assessment and feedback**

We engage with our customers to obtain feedback on the quality of our work and services delivered for performance improvement purposes. This feedback is reviewed by our key management, who will adopt the necessary action plans to improve and enhance work and service delivery.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.2 SUPPLY OF MANPOWER

Our Group adheres to the following processes in a typical supply of manpower project:



#### (1) Contract/Purchase order secured

We secure business leads typically through referrals from existing customers and our marketing efforts.

Prospective customers typically enquire about our capabilities and capacity to supply manpower crew with specific qualification, skills and experience to undertake a certain manpower supply project. Thereafter, we schedule meetings with the customer to further discuss their manpower requirements, payment terms and work schedules.

A preliminary proposal is then presented to the customer for their further consideration. After further negotiations, we then arrive at an agreement on the terms and conditions with the customer for the project. The customer may then issue us with a contract or purchase order, as the case may be. We are engaged by our customers primarily through purchase orders.

#### (2) Work order issued

A work order is an authorisation of the manpower crew to be recruited by our Group, based on the requirements of our customers. This work order is an internally generated document that provides critical information to assigned employees, outlining tasks and customer requirements.

## **7. BUSINESS OVERVIEW (Cont'd)**

### **(3) Recruitment of manpower**

We source potential manpower crew candidates from our internal database as well as external referrals from our business contacts.

The manpower needs for the project are identified and recruited upon evaluation by and confirmation from the crew coordinator. We select candidates based on the specific academic, technical and experience requirements set out by our customers. These candidates are subsequently evaluated via an assessment interview.

The profiles and qualification of shortlisted candidates are then presented to our customer for selection and subsequent confirmation of recruitment.

### **(4) Training**

The selected manpower crew are required to attend briefings conducted by our crew coordinator to familiarise themselves with the project and our standard operating procedures. The crew coordinator will assign the respective duties to the manpower crew at this briefing session. Selected manpower crew may also be required to attend training sessions organised by external training providers. Such training, if required, is typically bundled in as value add for our customers, and ensures that the manpower crew we supply have the necessary skills required to accomplish tasks stipulated by our customers.

### **(5) Mobilisation**

Upon completion of the briefings and trainings, the manpower crew is deployed to the customer's O&G facility where they will perform their assigned duties.

### **(6) Monitoring and payment**

The performance of the supplied manpower crew is monitored and evaluated by our customer to ensure they perform the duties they have been tasked with as required and in an orderly manner.

Our manpower crew are assigned timesheets, to capture working days/hours in an orderly manner. We issue payment to our manpower crew on a periodical basis, based on the timesheet submitted by each individual. We subsequently invoice our customers at specific milestones based on the timesheet and agreed rates.

### **(7) Project completion**

Upon completion of the project, our crew coordinator will submit an evaluation form for completion by our customers, to review performance of the manpower crew supplied. Feedbacks from our customers allow us to assess, prioritise and price our manpower supply services accordingly for future assignments.

## 7. BUSINESS OVERVIEW (*Cont'd*)

### 7.4 KEY ACHIEVEMENTS AND MILESTONES

Year	Key milestones
2011	<ul style="list-style-type: none"> <li>• Incorporation of OVE</li> <li>• OVE set up office in Miri, Sarawak</li> <li>• OVE secured first contract for the provision of manpower and equipment to carry out engineering and fabrication works in Labuan</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Incorporation of OVIT</li> <li>• OVIT was recognised as an approved external specialist for hull gauging services by the American Bureau of Shipping (ABS)</li> <li>• OVE was registered with the CIDB as a Grade 3 contractor</li> </ul>
2013	<ul style="list-style-type: none"> <li>• OVE and OVIT set up office in Puchong</li> <li>• OVE's CIDB license was upgraded to Grade 5</li> </ul>
2014	<ul style="list-style-type: none"> <li>• OVE's CIDB license was upgraded to Grade 7</li> <li>• OVE obtained PETRONAS license</li> <li>• OVE set up fabrication yard in Senai, Johor</li> <li>• OVE set up office in Bintulu, Sarawak</li> <li>• OVE was appointed as the exclusive agent and partner for Noble for the provision of drilling rigs</li> </ul>
2015	<ul style="list-style-type: none"> <li>• OVE was approved by Det Norske Veritas for meeting its standards for the manufacture of offshore containers in relation to its fabrication works</li> </ul>
2016	<ul style="list-style-type: none"> <li>• OVE was certified ISO 9001:2015 compliant by Bureau Veritas Certification (Malaysia) Sdn Bhd</li> <li>• OVIT was certified to conduct thickness measurement of hull structures by Bureau Veritas Certification (Malaysia) Sdn Bhd</li> </ul>
2018	<ul style="list-style-type: none"> <li>• OVE's appointment as the exclusive agent and partner for Noble was further extended for 5 years</li> </ul>
2019	<ul style="list-style-type: none"> <li>• OVIT was approved to engage in the provision of thickness measurements under the rules for approval of manufacturers and service suppliers of the society on ships by Nippon Kaiji Kyokai</li> <li>• OVIT was approved to engage in the provision of thickness measurements of hull structures using standards and requirements set by RINA</li> </ul>

## 7. BUSINESS OVERVIEW (*Cont'd*)

### 7.5 PRINCIPAL MARKETS

The breakdown of our revenue by business activities for the FYE 2016 to 2019 respectively is as follows:

Business activity	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPC and project management	10,370	58.77	7,901	32.90	12,264	40.22	12,397	21.27
Supply of manpower	3,268	18.52	11,875	49.46	14,592	47.86	41,040	70.41
Supply of materials, tools and equipment	3,447	19.54	3,569	14.87	3,636	11.92	4,847	8.32
Provision of drilling rig charter services	560	3.17	664	2.77	-	-	-	-
<b>Total revenue</b>	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

In the last four financial years under review, our revenue was principally derived from Malaysia. The breakdown of our revenue by based on the geographical location where our products and services are rendered or utilised in the past four financial years under review is as follows:

Geographical location <sup>(1)</sup>	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	15,156	85.89	17,028	70.92	23,682	77.67	50,798	87.16
Asia Pacific <sup>(2)</sup>	2,101	11.91	5,717	23.81	4,970	16.30	6,068	10.41
Americas <sup>(3)</sup>	336	1.91	732	3.05	327	1.07	708	1.21
Others <sup>(4)</sup>	52	0.29	532	2.22	1,513	4.96	710	1.22
<b>Total revenue</b>	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

#### Notes:

- (1) For the purposes of geographical segmentation, revenue is classified according to the locations where our products or services are rendered or utilised
- (2) Asia Pacific comprises Brunei Darussalam, Japan, Singapore, Thailand, Myanmar, Hong Kong, India, Timor-Leste and Australia but excludes Malaysia
- (3) Americas comprise United States of America, Mexico, Colombia, Aruba, Uruguay, Cayman Islands, Trinidad and Tobago

## **7. BUSINESS OVERVIEW (*Cont'd*)**

(4) Others comprises Saudi Arabia, Spain, Ghana, Mauritius, Equatorial Guinea, Namibia, Norway, Qatar and United Kingdom

While we provide a range of services to the upstream and downstream O&G sectors, our business or service focus is on upstream support services, where our customers are primarily offshore drilling contractors. We focus on EPC and project management as well as the supply of manpower. EPC and project management comprised 58.77%, 32.90%, 40.22% and 21.27% of our Group's revenue in FYE 2016, 2017, 2018 and 2019 respectively. The supply of manpower comprised 18.52%, 49.46%, 47.86% and 70.41% of our Group's revenue in FYE 2016, 2017, 2018 and 2019 respectively.

While Malaysia is our primary market, we have exposure in various geographical regions globally. Geological factors such as the type of hydrocarbon, producible rate and recoverable volume, coupled with economic factors such as development cost and location are key considerations that influence O&G exploration and production activities. While we offer our upstream oilfield services and downstream services to O&G companies regardless of whether they operate within or outside of Malaysia, we focus on servicing O&G companies in Malaysia. We believe there is growth potential in Malaysia's O&G industry, and as such, and our future plans (as described in Section 7.21 of this Prospectus), is to continue expanding and strengthening our business in Malaysia.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.6 BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES

Our Group maintains the following operational facilities in the following locations in Malaysia to support our business development and marketing activities as well as to provide support to our customers:

- (i) Headquarters in Miri, Sarawak;
- (ii) Offices in Bintulu, Sarawak; Puchong, Selangor and Labuan; and
- (iii) A fabrication yard in Senai, Johor

Our Group's physical presence around Malaysia enables us to provide our customers with greater accessibility, and helps us in conducting business development, marketing and sales activities targeted at these customers.

Our business development and marketing activities are led by our Executive Director, Yau Kah Tak, with the assistance of our Business Development Department. As at the LPD, there are 2 employees in our business development, marketing and sales team. We secure our business from the following:

- (i) Referrals from our executive Directors' business contacts in the O&G industry;
- (ii) Referrals from existing customers; and
- (iii) Marketing efforts of our business development, marketing and sales team.

As we depend on referrals from our executive Directors' business contacts in the O&G industry, it is important for us to leverage on their experience and marketing network for repeat and new businesses. It is also important for us to ensure that we carry out our works to a satisfactory manner as we also depend on referrals from satisfied existing customers for repeat and new businesses.

To further increase our profile, we also advertise in trade publications and directories such as the Malaysian Oil and Gas Services Council (MOGSC) directory. In 2018, we participated in the MOGSEC 2018, a trade show organised by the Malaysian Oil and Gas Services Council (MOGSC).

### 7.7 EMPLOYEES

As at the LPD, we have a total workforce of 51 full time employees. The following depicts the breakdown of our employees in our Group:

Department/Division	Number of employees	
	FYE 2019	As at the LPD
Executive Directors and key senior management team	5	5
Finance, human resources and administration	9	11
Fabrication	5	5
Engineering and design	5	5
Manpower supply	16	14
Quality assurance and quality control	2	2
Business development	2	2
Procurement	8	7
<b>Total</b>	<b>52</b>	<b>51</b>

## 7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, our workforce consists of only local employees based in Malaysia.

None of our employees belong to any labour union. As at the LPD, there have not been any major industrial dispute pertaining to our employees. Over FYE 2016 to 2019, there has not been any incidence of work stoppage or labour disputes that has materially affected our operations.

The abovementioned table does not include subcontractors and contractual workers that we engage for the provision of manpower supply services. As at 31 December 2019 and as at the LPD, we have engaged 327 and 307 of contractual workers (inclusive of subcontractors), respectively.

### 7.8 TRAINING AND DEVELOPMENT

We believe that employees at all levels should be equipped with the requisite knowledge and relevant skill sets to enable them to carry out their work and discharge their responsibilities effectively. In line with this, we help our employees achieve this through in-house training, on-the-job training or external courses or a combination thereof.

The key training and development programmes attended by our employees from 2017 and up to the LPD are set out below:

Month/Year	Training and development programme
January 2017	<ul style="list-style-type: none"> <li>Project Planning &amp; Scheduling Training</li> </ul>
February 2017	<ul style="list-style-type: none"> <li>Project Management Induction Training</li> </ul>
March 2017	<ul style="list-style-type: none"> <li>ISO 9001:2015 Refresher Training</li> <li>Wire Rope Technical Seminar</li> </ul>
April 2017	<ul style="list-style-type: none"> <li>ISO 9001:2015 Internal Auditor Training</li> </ul>
May 2017	<ul style="list-style-type: none"> <li>ISO 9001:2015 Refresher Training</li> <li>Peer to Peer (P2P) Refresher Training</li> </ul>
June 2017	<ul style="list-style-type: none"> <li>Introduction to Piping Training</li> </ul>
July 2017	<ul style="list-style-type: none"> <li>Goods and Services Tax ("GST") Latest Changes/Different (New Code)</li> </ul>
August 2017	<ul style="list-style-type: none"> <li>Welding Connects to Your World</li> </ul>
September 2017	<ul style="list-style-type: none"> <li>Introduction to the New Companies Act, 2016</li> <li>ISO 9001:2015 Refresher Training</li> </ul>
October 2017	<ul style="list-style-type: none"> <li>DNV 2.7-1 Design and Requirement</li> </ul>
November 2017	<ul style="list-style-type: none"> <li>Welding Safety: Welding Safety Interactive Guide (Module 1 – Electric Shock)</li> </ul>
December 2017	<ul style="list-style-type: none"> <li>Welding Safety: Welding Safety Interactive Guide (Module 2 – Fumes &amp; Gases)</li> </ul>

## 7. BUSINESS OVERVIEW (Cont'd)

Month/Year	Training and development programme
January 2018	<ul style="list-style-type: none"> <li>Malaysian Oil &amp; Gas Services Council – British Malaysian Chamber of Commerce Decommissioning Forum, "Understanding the Journey to Decommissioning"</li> </ul>
February 2018	<ul style="list-style-type: none"> <li>Training in Structural Design in O&amp;G</li> </ul>
April 2018	<ul style="list-style-type: none"> <li>Practical Guide to Understanding Employment Law in Malaysia</li> <li>Department of Occupational Safety and Health Inspection</li> </ul>
May 2018	<ul style="list-style-type: none"> <li>ISO 9001:2015 Refresher Training</li> </ul>
July 2018	<ul style="list-style-type: none"> <li>Introduction to Offshore Platform Structure Training</li> </ul>
August 2018	<ul style="list-style-type: none"> <li>First Aid Training</li> </ul>
September 2018	<ul style="list-style-type: none"> <li>Sales and Service Tax Introduction</li> </ul>
October 2018	<ul style="list-style-type: none"> <li>Loss Prevention System with Safety, Security, Health and Environment Induction</li> </ul>
November 2018	<ul style="list-style-type: none"> <li>Offshore Petroleum Industry Training Organisation's Basic Offshore Safety Induction Emergency Training with Emergency Breathing System and Travel Safely by Boat</li> </ul>
December 2018	<ul style="list-style-type: none"> <li>Situational Leadership Essentials</li> </ul>
January 2019	<ul style="list-style-type: none"> <li>Schlumberger Portal Introduction</li> </ul>
February 2019	<ul style="list-style-type: none"> <li>Malaysian Oil &amp; Gas Services Council – Feedback on the state of the O&amp;G industry</li> </ul>
March 2019	<ul style="list-style-type: none"> <li>Overview of PETRONAS Group Technical Solutions</li> <li>Seminar on Safety campaign for Load Test Requirement &amp; Safety Light, Medium Industrial</li> </ul>
April 2019	<ul style="list-style-type: none"> <li>Malaysian Oil &amp; Gas Services Council – Decommissioning &amp; Abandonment forum "Finding Value within the Supply Chain"</li> </ul>
May 2019	<ul style="list-style-type: none"> <li>Marine &amp; Logistics Working Group (MLWG) site visit to floating dock facility</li> <li>Transfer Pricing Documentation – Preparation to Completion</li> </ul>
June 2019	<ul style="list-style-type: none"> <li>OPITO Basic Offshore Safety Induction and Emergency Training with Emergency Breathing Systems (EBS) and Travel Safely by Boat</li> </ul>
July 2019	<ul style="list-style-type: none"> <li>Project Planning and Scheduling Training</li> </ul>
August 2019	<ul style="list-style-type: none"> <li>Project Management and Induction Training</li> </ul>
September 2019	<ul style="list-style-type: none"> <li>First Aid Training</li> </ul>
October 2019	<ul style="list-style-type: none"> <li>Introduction to Offshore Platform Structure</li> </ul>
November 2019	<ul style="list-style-type: none"> <li>Share Prosperity Vision 2030 and Budget 2020 Review</li> </ul>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Month/Year</b>	<b>Training and development programme</b>
December 2019	<ul style="list-style-type: none"><li>• Transformational Leadership and Managerial Competencies</li></ul>
January 2020	<ul style="list-style-type: none"><li>• Microsoft Excel 2016 Essentials</li><li>• Effective Use of Microsoft Outlook</li></ul>
February 2020	<ul style="list-style-type: none"><li>• Communication and Presentation Skills</li></ul>

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.9 MAJOR CUSTOMERS

We are dependent on our major customers. Our top 5 customers for the FYE 2016 to 2019 are as follows:

No.	Customers	Country	Revenue contribution		Products/Services provided	Length of relationship Years
			RM'000	%		
<b>FYE 2016</b>						
1.	Transocean Asia Services Sdn Bhd	Malaysia	5,519	31.28	EPC, manpower supply, supply of materials, tools and equipment	7
2.	Sedco Forex International Inc.	Brunei Darussalam	1,077	6.10	EPC and manpower supply	4
3.	Ocean Vantage (B) Sdn Bhd <sup>(1)</sup>	Brunei Darussalam	1,030	5.84	EPC, supply of materials, tools and equipment	2
4.	PETRONAS Floating LNG 1(L) Ltd	Malaysia (offshore Labuan)	978	5.54	Supply of materials, tools and equipment	3
5.	Dynamic Force Marketing Sdn Bhd <i>(formerly known as Ocean Vantage Trading Sdn Bhd)</i> <sup>(2)</sup>	Malaysia	861	4.88	EPC, supply of materials, tools and equipment	4
			<b>9,465</b>	<b>53.64</b>		
<b>FYE 2017</b>						
1.	Transocean Offshore Deepwater Drilling Inc.	United States of America	3,911	16.29	EPC, manpower supply, supply of materials, tools and equipment	3
2.	Seadrill Offshore Malaysia Sdn Bhd	Malaysia	3,272	13.63	EPC and manpower supply	7
3.	Ocean Vantage Trading Pte Ltd <sup>(1)</sup>	Singapore	2,951	12.29	Manpower supply	2
4.	Maersk Drilling Malaysia Sdn Bhd	Malaysia	2,281	9.50	EPC and manpower supply	7
5.	Seadrill Telesto Ltd	Bermuda	1,543	6.43	EPC, manpower supply, supply of materials, tools and equipment	5
			<b>13,958</b>	<b>58.14</b>		
<b>FYE 2018</b>						
1.	Maersk Drilling Malaysia Sdn Bhd	Malaysia	3,490	11.45	EPC, manpower supply, supply of materials, tools and equipment	7
2.	Belati Oilfield Sdn Bhd	Malaysia	2,230	7.31	Manpower supply	2
3.	Triton Nautilus Asset Leasing GmbH	Germany	1,748	5.73	EPC	2

## 7. BUSINESS OVERVIEW (Cont'd)

No.	Customers	Country	Revenue contribution		Products/Services provided	Length of relationship years
			RM'000	%		
4.	Seadrill Partners Malaysia Sdn Bhd	Malaysia	1,712	5.61	Manpower supply	7
5.	Transocean Drilling Offshore Ventures Limited	Malaysia (Labuan)	1,649	5.41	EPC	6
<b>FYE 2019</b>			<b>10,829</b>	<b>35.51</b>		
1.	Seadrill Partners Malaysia Sdn Bhd	Malaysia	10,856	18.63	EPC, manpower supply, supply of materials, tools and equipment	7
2.	Seadrill Offshore Malaysia Sdn Bhd	Malaysia	7,572	12.99	EPC, manpower supply, supply of materials, tools and equipment	7
3.	Maersk Drilling International A/S	Denmark	7,178	12.32	EPC, manpower supply, supply of materials, tools and equipment	1
4.	Petrovietnam Drilling And Well Services Corporation	Vietnam	5,123	8.79	Manpower supply	1
5.	Rigforce	Australia	2,776	4.76	Manpower supply	2
			<b>33,505</b>	<b>57.49</b>		

### Notes:

(1) Ocean Vantage (B) Sdn Bhd (a Brunei Darussalam incorporated company) and Ocean Vantage Trading Pte Ltd (a Singapore incorporated company) are not related parties to our Group. The founder/shareholders of these entities are our business partners who set up the respective entities to market O&G services in their respective markets. These entities and our Group have written understanding that the name 'Ocean Vantage' belongs to our Group and that they will only service customers in their respective markets and are not directly or indirectly engaged, concerned and/or interested in any other businesses competing with or in opposition to Group's business activities. Ocean Vantage (B) Sdn Bhd focuses on the Brunei Darussalam market, while Ocean Vantage Trading Pte Ltd focuses on the Singapore market. Nonetheless, we are not prohibited from serving customers in these countries, should we decide to.

(2) Dynamic Force Marketing Sdn Bhd (*formerly known as Ocean Vantage Trading Sdn Bhd*) is no longer a related party to our Group as of January 2017. Kenny Ronald Ngalin and Martin Philip Ik Piau were directors and shareholders of Dynamic Force Marketing Sdn Bhd, and resigned and disposed their shares on 2 January 2017. Mary King Siaw Ning and Yau Kah Tak were shareholders of Dynamic Force Marketing Sdn Bhd, and disposed of their shares on 2 January 2017.

## 7. BUSINESS OVERVIEW (Cont'd)

The abovementioned major customers in FYE 2016 to 2019 are classified based on revenue on a standalone entity basis. Our Group's revenue from our major group of customers namely Transocean Group, Seadrill Group and Maersk Group for FYE 2016 to 2019 are as follows:

No.	Customers	Revenue contribution						
		FYE 2016		FYE 2017		FYE 2018		
		RM'000	%	RM'000	%	RM'000	%	RM'000
1.	Transocean Group	7,138	40.45	6,532	27.21	6,550	21.48	4,066
2	Seadrill Group	1,119	6.34	6,050	25.20	5,867	19.24	20,519
3.	Maersk Group	1,107	6.28	3,417	14.23	4,467	14.65	8,117
	<b>9,364</b>	<b>53.07</b>		<b>15,999</b>	<b>66.64</b>	<b>16,884</b>	<b>55.37</b>	<b>32,702</b>
								<b>56.11</b>

For the past FYE 2016 to 2019, our major customers comprised Transocean Group, Seadrill Group and Maersk Group. Collectively, these major customers contributed to our sales ranging from 53.07% to 66.64% of our total revenue in FYE 2016 to 2019, hence we are dependent on our major customers. Our length of relationship with Transocean Group, Seadrill Group and Maersk Group is 7 years, respectively. We have not entered into any long term agreement or long term contract with our major customers and all our sales with them are transacted based on purchase order basis.

Moving forward, our Group expects our major customers to continue contributing to our Group's revenue. We have maintained a long and mutually beneficial relationship with them over the years and this has provided our Group with a strong platform for future growth. However, if our major customers reduce their order for our products and/or services significantly or if they choose not to be our customer, our Group's financial results will be adversely affected if we are not able to quickly replace the decrease or loss in sales.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 MAJOR SUPPLIERS

Save for Noble, we generally do not enter into long-term or exclusive agreements with any of our suppliers. Please see Section 7.2.4.1 for further details of our arrangement with Noble. Our top five suppliers for the FYE 2016 to 2019 respectively are as follows:

No.	Suppliers	Country	Purchases contribution		Products/Services procured	Length of relationship Years
			RM'000	%		
<b>FYE 2016</b>						
1.	Vessel Protection Solutions Ltd	United Kingdom	674	6.11	Project consulting services	3
2.	Wah Tung Travel Sdn Bhd	Malaysia	565	5.12	Travel agent	5
3.	Hi Rope Engineering (Malaysia) Sdn Bhd	Malaysia	500	4.53	Rope access services	3
4.	Tenaga Ampang Sdn Bhd	Malaysia	451	4.09	Welding gasses and related consumables	3
5.	Multi Million Trading Sdn Bhd	Malaysia	319	2.89	Project consulting services	3
			<b>2,509</b>	<b>22.74</b>		
<b>FYE 2017</b>						
1.	Wah Tung Travel Sdn Bhd	Malaysia	1,063	7.43	Travel agent	5
2.	Sunway Marketing (S) Pte Ltd	Singapore	608	4.25	Hoses	1
3.	Isma Corporation	Malaysia	422	2.95	Rope access services	1
4.	Rentas Pertwi Sdn Bhd	Malaysia	327	2.29	Lifting gears	2
5.	Global Lighting Technologies (M) Sdn Bhd	Malaysia	195	1.37	Electrical services	1
			<b>2,615</b>	<b>18.29</b>		
<b>FYE 2018</b>						
1.	Isma Pro Solution Sdn Bhd	Malaysia	957	5.07	Rope access services	2
2.	Wah Tung Travel Sdn Bhd	Malaysia	873	4.62	Travel agent	5
3.	Travel Cue Management Sdn Bhd	Malaysia	545	2.89	Travel agent	2
4.	GBT Services Sdn Bhd	Malaysia	483	2.56	Civil construction	2
5.	Rentas Pertwi Sdn Bhd	Malaysia	476	2.52	Consumables	2
			<b>3,334</b>	<b>17.66</b>		

**7. BUSINESS OVERVIEW (Cont'd)**

<b>No.</b>	<b>Suppliers</b>	<b>Country</b>	<b>Purchases contribution</b>		<b>Length of relationship</b>
			<b>RM'000</b>	<b>%</b>	
<b>FYE 2019</b>					
1.	Wah Tung Travel Sdn Bhd	Malaysia	3,474	7.99	Travel agent
2.	Teamplex Corporation Sdn Bhd	Malaysia	1,287	2.96	Fabrication services
3.	MSTS Asia Sdn Bhd	Malaysia	856	1.97	Training services
4.	Advanced Isolation & Testing Services Sdn Bhd	Malaysia	803	1.85	Hot tapping services
5.	Isma Pro Solution Sdn Bhd	Malaysia	715	1.64	Rope access services
			<b>7,135</b>	<b>16.41</b>	

We do not have any long-term agreements or arrangements with any of our major suppliers. During the financial years under review, we have not faced any material supply disruptions or delays by our major suppliers. We are not dependent on any single supplier.

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## 7. BUSINESS OVERVIEW (*Cont'd*)

### 7.11 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

Our purchases comprise materials, tools and equipment as described below:

- (i) Blasting and painting supplies which are sourced from Malaysia and Singapore
- (ii) Personal protective equipment, welding gases and related consumables which are sourced from Malaysia, Singapore and United States of America
- (iii) Steel profiles and plates which are sourced from Malaysia and Singapore
- (iv) Non-steel materials such as plastic components, chemicals and rubber products which are sourced from Malaysia and Singapore
- (v) Quality control tools and equipment which are sourced from Malaysia and Singapore
- (vi) Other consumables such as medical supplies and stationery which are sourced from Malaysia

The prices of materials, tools and equipment that we procure are subject to price fluctuations as a result of demand and supply conditions. Nonetheless, these materials, tools and equipment are generally widely available. We have developed policies and procedures that guide our selection of suppliers. All selected suppliers are evaluated in terms of pricing, product range and technical specifications of materials/tools/equipment, ability to meet our quality requirement, and ability to deliver in a timely manner.

The breakdown of the cost of materials, tools and equipment purchased by our Group during FYE 2016 to 2019 is as follows:

Purchase category	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Blasting and painting supplies	6	0.20	46	1.52	75	2.69	65	1.02
Personal protective equipment, welding gases and related consumables	1,934	65.67	1,417	47.08	2,025	72.50	4,172	65.43
Steel profiles and plates	522	17.72	373	12.39	270	9.67	632	9.91
Non-steel materials	37	1.26	623	20.70	32	1.14	1	0.02
Quality control tools and equipment	373	12.67	447	14.85	362	12.96	1,114	17.47
Other consumables	73	2.48	104	3.46	29	1.04	392	6.15
<b>Total</b>	<b>2,945</b>	<b>100.00</b>	<b>3,010</b>	<b>100.00</b>	<b>2,793</b>	<b>100.00</b>	<b>6,376</b>	<b>100.00</b>

## **7. BUSINESS OVERVIEW (Cont'd)**

### **7.12 SEASONAL OR CYCLICAL EFFECTS**

Our operations are not significantly affected by seasonal/cyclical effects as our customers generally operate throughout the year.

However, falling crude oil prices may adversely affect the upstream sector of the O&G industry as O&G players reduce their exploration and production activities in an effort to reduce cost. While reduced exploration and production activities may adversely affect our business activities as our customers primarily consist of offshore drilling companies, these companies may also seek the flexibility of outsourcing certain services rather than maintaining an in-house team due to scarcity of long term contracts.

### **7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

Our Group has not experienced any interruption in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

#### **7.13.1 Outbreak of Covid-19**

Due to the recent outbreak of the Covid-19, the Government has imposed the MCO throughout Malaysia which took effect from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 August 2020 to contain the rise of Covid-19 cases in the country. The MCO has halted most of the economic sectors and activities, especially those operating in non-essential services.

Pursuant to the announcement by the Government of Malaysia on the MCO effective from 18 March 2020, PETRONAS issued a statement on its position that oil and gas, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services as per the announcement made by the Prime Minister of Malaysia and specified under section 2 (First Schedule), Act 177, Industrial Relations Act 1967. Therefore, all operations falling within the above essential services including all support services should continue, with the respective parties' necessary working arrangements and precaution as may be appropriate, until advised otherwise by the Government. As such, our Group is deemed to fall under essential services and permitted to continue operations during this period, and thus far we have not been negatively impacted by the Covid-19 outbreak and the MCO (CMCO and RMCO).

Although our Group is deemed as essential services, our Group adopted strict standard operating procedures aimed at containing Covid-19 and minimising its risk to our operations while maintaining business continuity. We opted to operate remotely throughout the period of MCO where, all key management and office-based staff were required to work from home commencing 18 March 2020 in line with the implementation of the MCO. During this period, our key management, namely Kenny Ronald Ngalin, Yau Kah Tak and Martin Philip King Ik Piau, who were in Selangor when the MCO was initiated, were able to remotely manage our Group's operations in East Malaysia. As most of our customers' drilling rigs are currently in the Malaysian waters (i.e Sarawak and Labuan), our General Manager, Thomas Jalong, who is based in Miri, Sarawak was primarily responsible for managing these projects. Employees that needed to be in the office to carry out certain tasks were issued with the relevant approval letters from OVH and confirmation letters from PETRONAS that would allow them to commute to the office.

During the MCO and CMCO period, we had crew and contractual workers that were engaged for the EPC and project management as well as supply of manpower services that were stationed at our customer's rigs. During this period, our customers' rigs were operating under full capacity while still adhering to the standard operating procedures and guidelines

## **7. BUSINESS OVERVIEW (Cont'd)**

issued by PETRONAS and/or other operators, and government agencies. Our crew and contractual workers are mostly based in East Malaysia and did not face any travel restrictions as they had the relevant confirmation letters from PETRONAS and approval from Ministry of International Trade and Industry ("MITI"), allowing them to be deployed to the rigs. We did not deploy any crew or contractual workers to overseas sites during the MCO/CMCO period as we did not have any overseas customers in the first quarter of 2020 up to the LPD.

On 20 April 2020, OVH resumed operations at 50% of its work force capacity after obtaining approval from the MITI and after complying with the standard operating procedures and other rules and guidelines required by MITI.

In response to the Covid-19 virus, our Group has established an emergency response protocol committee which comprises mainly of key management personnel to oversee the adherence of infection control measures based on the guidelines and standard operating procedures issued by MITI. We have fully complied with the guidelines and standard operating procedures where the control measures include amongst others:

- (i) Wearing of face masks;
- (ii) Taking and recording daily body temperatures before entering the work places;
- (iii) Sanitise of hands prior to entering work places and all employees are encouraged to sanitise or wash their hands with soap and water frequently throughout the day;
- (iv) Sanitise all common areas of work places 3 times a day (i.e. before commencement of work, after lunch and after close of business); and
- (v) Practice 1 metre social distancing at the work place particularly at common areas such as at the pantry area and photocopying station.

In addition to the above, our Group adopted pre-emptive measures to contain Covid-19 in our business operations.

### **(i) Personnel screening**

- Prior to returning to office/workshop, all key management and office-based staff were required to declare their state of health to our human resource department.
- Employees who were exhibiting symptoms of Covid-19 and employees who had come into contact with suspected Covid-19 patients were required to immediately seek medical advice from the Crisis Preparedness and Response Centre (CPRC) Kebangsaan hotline.
- Employees returning or living in red zones or those living in enhanced mandatory controlled order (EMCO) declared areas were exempted from returning to office and continued to work from home. These employees will be required to undergo Covid-19 swab tests to assess their medical condition.

### **(ii) Workplace arrangements**

- We adopted a rotation system, whereby 50% of our employees worked from the office for 14 days while the remaining 50% of our employees continued to work from home. Once this 14-day period ended, we rotated teams, and the employees who previously worked from the office began working from home to

## **7. BUSINESS OVERVIEW (Cont'd)**

provide way to the employees who previously worked from home to work from the office.

- Our office premise was sanitised prior to employees returning to office. Subsequent to employees returning to office, all surfaces in the office are disinfected regularly.
- Employees are subject to temperature monitoring using a handheld forehead thermometer at the entrance to the office when reporting to work every morning and when returning from lunch. Those with a temperature reading above of 37.5°C shall be subjected to a Covid-19 swab test. Daily monitoring of temperatures will be recorded in a log book.
- Interstate travel for business is permitted if necessary. Employees were encouraged to leverage on technology to carry out virtual meetings and tele-conference to the extent possible.
- Overseas travel for business and personal purposes are restricted.

### **(iii) Manpower supply quarantine protocol**

- All crew are required to participate in a '14 days' (or less, subject to local jurisdiction requirements) onshore quarantine procedure before being deployed to offshore rigs as well as upon returning from the offshore rig. The quarantine period will be scheduled in advance to the deployment dates determined by our customers to avoid downtime for crew change.
- The quarantine venue, being a hotel premise identified and rented by our Group, was inspected by officials from Malaysia's Ministry of Health prior to the commencement of crew quarantine.
- Healthcare professionals (i.e. nurses) are engaged to conduct temperature monitoring using a handheld forehead thermometer twice a day for the duration of the quarantine period.
- Security staffs are engaged to monitor crew under quarantine, to ensure that this crew do not exit the hotel premises or receive visitors.
- The cost of quarantine, being wages, accommodation, meals as well as services of healthcare professionals and security staff, are ultimately borne by our customers.

Our procurement of materials and services faced some disruption in the first quarter of 2020 during the initial period of MCO that affected the delivery coordination and transportation as certain suppliers were not able to fully operate their businesses during this period. Subsequent to PETRONAS issuing a statement on its position that O&G, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services and all operations falling within the above essential services including all support services should continue, our Group was able to resume coordinating delivery and transportation of materials from our suppliers. Apart from the temporary delay from certain suppliers for our supply of materials, tools and equipment which have since been resolved, our Group operations did not encounter any major disruptions throughout the period of MCO and CMCO.

## **7. BUSINESS OVERVIEW (Cont'd)**

As at 4 May 2020, we have cash and bank balances of RM3.58 million and unutilised credit facilities of RM0.38 million. Taking into consideration our existing available liquid funds and that our operations were not affected, we do not foresee any circumstances which may materially affect the liquidity position of our Group.

### **7.13.2 Decline in global oil price**

Reacting to the Covid-19 pandemic, globally, governments around the world are also putting their citizens on lockdown, thus reducing economic activities, and consequently the fall in demand for oil. The fall in demand has aggravated the decline of crude oil price caused by the price war initiated by Saudi Arabia in response to Russia's refusal to reduce oil production in order to keep prices for oil at moderate level. Transport disruptions and an economic decline have weakened demand for crude oil. While it is still early to fully assess the impact of Covid-19 on Malaysia's offshore oilfield services industry, the decline in demand for crude oil could result in lower activities, possible project deferments or cancellations and increased margin pressures across the board in all value chains within the O&G industry in the short term. There is potentially an increased risk of delay in contract awards and activities within the upstream space in 2020 as Malaysia has committed to a production cut. Despite the decline in global oil price, our Group have not been negatively impacted. Our Group will continuously monitor the impact of falling oil price on our operations and financial performance.

As at LPD, we have not received any indication of or requests from our customers for the deferment or cancellation/termination of existing works/projects.

## **7.14 TECHNOLOGY USED**

Our business activities are based on the application of technology and the expertise of our employees and sub-contractors to serve our customers. We adopt a continuous improvement approach to gain new skills and knowledge. The technologies that are relevant to our Group include the following:

### **(i) Welding technology**

We utilise welding technology for our fabrication activities, as well as for our asset maintenance operations during the replacement of corroded and faulty parts and components. Welding is a process that joins metals and is often done by melting the work pieces and adding a filler material to form a pool of molten material that cools to become a strong joint.

### **(ii) NDT**

NDT techniques are used to evaluate the integrity of a component or system without causing permanent damage. We currently utilise a number of NDT techniques to perform tasks such as inspecting welds and the structural integrity of pipes. The NDT techniques that we use are:

#### **(a) Dye penetrant inspection**

Often used to detect casting, forging and welding surface defects such as hairline cracks, surface porosity, leaks, and fatigue cracks on metals through the usage of a penetrant.

To carry out a dye penetration inspection, the surface first has to be cleaned, whereby this can be done by degreasing the surface. The penetrant liquid is then applied with either a spray or a brush, and any excess penetrant is then

## **7. BUSINESS OVERVIEW (Cont'd)**

removed. A developer is then applied before a visual inspection of the test surface is carried out. Finally, a post-inspection cleaning is carried out using anti-corrosion solutions.

### **(b) Magnetic particle inspection**

Used to detect surface and near-surface flaws in ferromagnetic materials with a permanent or electro-magnet. This method is primarily used for crack detection and is applicable to all metals which can be strongly magnetised.

A magnetic particle inspection is carried out by first cleaning the area to be examined. The area is then magnetised with a permanent or electro-magnet. Ferromagnetic particles are then applied to the surface while the area is still magnetised, and any excess ferromagnetic particles are removed with a light air stream from a bulb, syringe, or other sources of low pressure dry air. These ferromagnetic particles will gather at areas of magnetic flux leakage and form indications characteristic of the type of discontinuity detected. These indications will then be interpreted and evaluated.

### **(c) Ultrasonic thickness gauging**

Used to measure a material's thickness using ultrasonic waves, without requiring access to both sides of a part. The thickness of metals can be measured using this method. The thickness of the part or structure is determined by accurately measuring the time required for the ultrasonic pulse to travel through the thickness of the metal.

### **(d) Ultrasonic flaw detection**

Used to detect flaws such as cracks, voids, porosity and other internal discontinuities in metals. These ultrasonic waves produce distinctive echo patterns when reflecting from flaws, and these echo patterns can be displayed and recorded by portable instruments.

### **(e) Eddy current inspection**

Uses electromagnetic induction to detect surface and subsurface defects such as cracks and corrosion on conductive materials. Different levels of frequencies are used, where high frequency is used to detect surface defects while low frequency is used to detect sub-surface defects.

### **(f) Borescope inspection**

A borescope is a precision optical instrument with illumination. It is used for visual/optical inspections, particularly for areas that are inaccessible by other means, or for areas where gaining access by other means would require destructive, time consuming and/or costly activities. This is made possible by a camera that is connected to an eyepiece via a relay tube, which may be flexible or rigid.

### **(g) Positive material identification**

Refers to the analysis of a metallic alloy to establish composition by reading the quantities by percentage of its constituent elements. Positive material identification is typically carried out by using X-ray fluorescence or optical emission spectrometry.

## 7. BUSINESS OVERVIEW (Cont'd)

### (iii) Electrical and instrumentation proficiency

Electrical proficiency encompasses the study and application of electricity and electromagnetism while instrumentation proficiency refers to the accurate measurement of electrical properties. We apply the principles of electrical and instrumentation proficiency on practical situations such as hook up and commissioning, and maintenance of various types of systems for offshore facilities.

## 7.15 KEY MACHINERY AND EQUIPMENT

A summary of the key machinery and equipment owned and used by us are set out below:

<b>Machinery and equipment</b>	<b>Function</b>	<b>No of units</b>	<b>NBV as at 31 December</b>
			<b>2019 RM'000</b>
Cutting machines	Used to cut raw materials	3	5
Gantry crane	Used for fabrication work lifting	1	43
Pressure pump	A high pressure water jetting pump used for cleaning	2	207
Magnetic drilling machine	A portable drilling machine with a magnetic base that is used to drill holes in steel or other magnetic materials	1	20
Welding machines	Used for metal welding, where metals include cast iron, steel, stainless steel, aluminium, copper and brass	12	224
Load cells	Equipment for load testing	5	94
			<b>593</b>

## 7.16 OPERATING CAPACITIES AND OUTPUT

Our Group is principally involved the provision of support services for the O&G industry, primarily focusing on upstream oilfield services, which include EPC and project management; supply of manpower, supply of materials, tools and equipment; and the provision of drilling rig charter services. As such, conventional measures of production capacity and utilisation are not relevant to our operations.

## 7.17 QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

Our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with relevant regulations and to maintain our reputation and market standing.

In line with this, we have implemented a Quality Management System that complies with the ISO 9001:2015 standards and requirements. This Quality Management System creates a framework that helps coordinate and direct our Group's activities to meet customer requirements while meeting the requirements of the ISO 9001:2015 standard.

## 7. BUSINESS OVERVIEW (Cont'd)

We also carry out an annual internal audit to verify the effectiveness of our Quality Management System and to ensure compliance with the ISO 9001:2015 standard. Discrepancies found during the internal audit are then documented and investigated for the cause of the non-conformance and counter measures are implemented to prevent recurrence.

As a testament to our quality commitment, OVE has been certified compliant to ISO 9001:2015, details of which are as follows:

Year first achieved	Current validity period	Certification	Scope	Awarding body
<b>OVE</b> 2016	15 July 2019 – 14 July 2022	ISO 9001:2015	EPC, installation, commissioning and maintenance services of onshore and offshore facilities for O&G, petrochemical and related industries	Bureau Veritas Certification (Malaysia) Sdn Bhd

Further, OVE was approved by DNV for meeting its standards for the manufacture of offshore containers in relation to its fabrication works in 2015, thus providing our customers with assurance of the quality of our products. Amongst the offshore containers that we manufacture are containers, cargo baskets, lifting frames and gas bottle racks. In 2016, OVIT was certified for thickness measurement of hull structures by Bureau Veritas Certification (Malaysia) Sdn Bhd.

Subsequently in January 2019, OVIT was approved to engage in the provision of thickness measurement on ships under the rules for approval of manufacturers and service suppliers of the society by Nippon Kaiji Kyokai, a ship classification society based in Japan. This enables the Group to perform work on ships registered under the society. In October 2019, OVIT was approved to engage in the provision of thickness measurements of hull structures using standards and requirements set by Registro Italiano Navale (RINA), a ship classification and certification society based in Italy.

### 7.18 OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

Our Group places strong emphasis on the health and safety of our employees and subcontractors. In line with this, we are committed to comply with the relevant occupational health and safety requirements.

We adopt occupational safety, health and environment practices which allows us to comply to the relevant regulations such as the International Maritime Organisation, Occupational Safety and Health Act Regulation 1994, Factories and Machinery Act 1967, and Environment Quality Act 1974. We ensure that any health, safety and environmental matters raised by our employees and subcontractors go through the proper channels to result in a resolution.

### 7.19 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we are not required to undertake and have not undertaken any research and development activities.

## **7. BUSINESS OVERVIEW (*Cont'd*)**

### **7.20 COMPETITIVE STRENGTHS**

#### **7.20.1 We are able to scale our operations in tandem with the demand for our services**

We have structured our business to be flexible and scalable, which we believe is an important factor in building a platform for long term business growth and sustainability. As a result, we are able to provide our customers with a range of services across our value chain. These services range from:

- (i) EPC and project management;
- (ii) supply of manpower;
- (iii) supply of materials, tools and equipment; and
- (iv) provision of drilling rig charter services.

We have developed in-house project management competency that covers various stages in the life of an offshore O&G field. This expertise has allowed us to manage upstream oilfield projects in accordance with an existing project development plan under our project management services. We have developed in-house EPC competencies, which when applied towards offshore facility projects, allow us to design, engineer, procure and project manage our activities.

Nonetheless, we outsource selected services and/or labour intensive services. This enables us to tap into the O&G market as a service provider without committing to high fixed overheads, thus giving us the flexibility to adapt to fluctuations in crude oil price levels.

We had, in the past, witnessed financial growth despite fluctuating oil prices that resulted in a slowdown in exploration and production activities. As a result of this slowdown, O&G drilling contractors opted to outsource certain services instead of maintaining their own in-house teams to save cost due to the scarcity of long term contracts. However, our revenue grew from RM17.65 million in FYE 2016 to RM58.28 million in FYE 2019 as we were able to fulfil the needs of our customers for EPC and project management as well as the supply of manpower during this period of slowdown. As a service provider, we are able to meet such demands without incurring significant fixed overheads.

Our business model, coupled with our other key competitive strengths as highlighted below, has enabled our Group to remain profitable during challenging times.

#### **7.20.2 We have an experienced key senior management team**

Our Group has an experienced and dedicated key senior management team that is led by Kenny Ronald Ngalin as our Managing Director, who has more than 17 years of working experience in the O&G industry. He is supported by our Executive Directors and key senior management team, comprising Martin Philip King Ik Piau, Yau Kah Tak, Chang Vun Lung and Thomas Jalong. We have an experienced and dedicated key senior management team that brings together a range of on-the-ground knowledge with exposure in local and foreign markets, as well as business segments.

During the course of his career, Kenny Ronald Ngalin has served at several local and international O&G companies as Rig Medic in various projects and short assignments in Malaysia, Thailand, Vietnam, Brunei, Indonesia and Singapore, Sudan, China and Nigeria. Our Executive Director, Yau Kah Tak, has experience in EPC and project management for the O&G industry, having served in Malaysia, Brazil, Indonesia, Thailand, Vietnam, Singapore, India, Bangladesh, Cameroon, Australia and Russia. With these past working

## 7. BUSINESS OVERVIEW (Cont'd)

experiences in these countries allows the Group to make more informed decision with better consideration or risk calculation when supporting customers in foreign markets, from the stand point of local support, logistic constraints as well as import and export restriction.

Executive	Position	Years of relevant experience
Martin Philip King Ik Piau	Executive Director – Operations & Project	19 years
Yau Kah Tak	Executive Director – Marketing & Strategic Planning	19 years
Thomas Jalong	General Manager	40 years
Chang Vun Lung	Chief Financial Officer	19 years

Please refer to Section 5.2.2 and 5.3.2 of this Prospectus for further details on the profiles of our key senior management team.

### 7.20.3 We have PETRONAS license and the necessary track record in various safety and quality standards for our operations

#### PETRONAS License

There are specific regulatory barriers to entry in the O&G industry in Malaysia owing to the licensing requirements imposed by PETRONAS. Only suitable qualified vendors and/or service providers are issued any licenses by PETRONAS owing to the stringent procedures implemented, and this indirectly acts as a barrier to entry to help mitigate the competitive intensity within the O&G industry in Malaysia. The PETRONAS license permits the provision of products and services to the upstream O&G sector in Malaysia and downstream sector of PETRONAS Group of Companies.

In this respect, OVE is a PETRONAS licensed vendor. As at the LPD, we are licensed with a total of 189 SWEC Codes from PETRONAS. As such, we are well positioned to benefit from this strength that represents a barrier to entry for new participants in Malaysia's O&G industry. Please refer to Section 6.7 of this Prospectus for further details on our licenses.

#### Safety records and quality standards

Commitment to quality and possessing a strong safety track record are critical pillars in the O&G industry, and we comply with the relevant occupational health and safety requirements.

Our subsidiary, OVE, is certified compliant to ISO 9001:2015 for the scope of EPC, installation, commissioning and maintenance services of onshore and offshore facilities for O&G, petrochemical and related industries.

In line with our commitment to occupational health and safety, our Group's safety track record has improved over the past three financial years under review. Based on our internal records, our total manhours without loss time injury increased from 200,022 hours in FYE 2016 to 397,696 hours in FYE 2017, 420,500 hours in FYE 2018 and 963,439 hours in FYE 2019.

Our safety track record provides our customers with assurance, enabling us to retain existing customers and secure new customers.

## 7. BUSINESS OVERVIEW (*Cont'd*)

### 7.20.4 We have access to skilled human resources for the supply of manpower services

We have access to O&G talent through our in-house database of drilling, marine and maintenance crew as well as onshore crew for O&G projects. As at the LPD, we have more than 850 candidates in our in-house database.

Our in-house database allows us to fulfil our customers' staffing needs based on their requirements in a timely manner. Having this internal database enable our Group to identify available manpower resources and recommend them to our customers in a timely manner to fulfil their staffing needs. As at LPD, we have 307 contractual workers currently being deployed at our customers' locations.

Our access to skilled manpower has helped our Group in securing more supply of manpower assignments. Our track records in securing customers and paying our manpower/subcontractors in a timely manner have encouraged these skilled contractual workers to remain with or have preference to work with us.

### 7.20.5 We have established relationship with our customers

We have established relationships with international drilling contractors such as Transocean Group, Maersk Group and Seadrill Group, with whom we have secured and retained as our customers for more than 5 years due, in part, to our service levels in meeting their requirements. Often times, these customers have requested for our services when they venture into new O&G projects globally.

We have delivered our services for customers operating in over 15 countries in the regions of Asia Pacific, Middle East, Africa, Europe and the Americas. We recorded a rise in revenue from RM17.65 million in FYE 2016 to RM58.28 million in FYE 2019 despite the challenging operating environment in the O&G industry, partly due to the relationships we have established with our major customers.

Please refer to Sections 7.9 of this Prospectus for further details on our top five customers for the FYE 2016 to 2019 respectively.

## 7.21 FUTURE PLANS AND BUSINESS STRATEGIES

### 7.21.1 We intend to broaden our range of support services in EPC and project management segment to capture opportunities in the O&G industry

We intend to further expand our range of support services for the upstream O&G industry to include underwater diving services, as well as advanced NDT and inspection services in an effort to broaden our revenue stream. In meeting our customers' needs and assisting them to overcome operational obstacles, we will continue to expand our capabilities in order to provide a wider range of O&G support services to our customers. To facilitate this initiative, we have allocated RM3.24 million from the proceeds of the IPO for the enhancement and strengthening of our capabilities which will include expenditure on the following:

Details	Estimated cost	
	RM'000	RM'000
<b>Underwater diving Services</b>		
(a) Purchase of NDT equipment:		
• Underwater diving containers	500	
• Eddy Current testing equipment	100	
• Magnetic particle inspection equipment	30	
• Ultrasonic testing equipment	100	

**7. BUSINESS OVERVIEW (Cont'd)**

<b>Details</b>	<b>Estimated cost</b>	
	<b>RM'000</b>	<b>RM'000</b>
• High pressure water blasters equipment	400	
• Cameras and underwater tools	70	1,200
(b) Audit fees to obtain license issued by International Marine Contractors Association (IMCA)	100	
Audit fees for the attainment of classification society certification for Under Water Inspection in Lieu of Dry-docking (UWILD) and In Water Surveys (IWS):		
• Class Bureau Veritas (BV)	20	
• Class Det Norske Veritas Germanischer Llyod (DNV GL)	20	
• Class American Bureau of Shipping (ABS)	20	
• Class Nippon Kaiji Kyokai (ClassNK)	20	
• Class Registro Italiano Navale (RINA)	20	200
<b>Advanced NDT and inspection services</b>		
Purchase of testing and inspection equipment and tools:		
• Borescope inspection equipment	236	
• Phased Array and Long Range Ultrasonic Testing equipment	400	
• Corrosion mapping hydrogen detector equipment	400	
• Alternating current field measuring equipment	200	1,236
Staff cost relating to hiring 1 engineer and 1 sales and marketing personnel for broadening the range of our support services		600
		<b>3,236</b>

Over the next 24 months, we intend to improve our technological offering and aim to develop in-house capabilities in underwater diving services and advanced NDT inspection services by upskilling the skill sets of our employees to undertake advanced inspection services.

As at the LPD, we offer underwater inspection and repair services on hulls, spudcans (base cones on jack-up drilling rigs) and pipelines of offshore rigs as well as advanced NDT and inspection services to our customers. However, we have to engage subcontractors to perform these services, as we do not have the in-house expertise and when required, we rent the necessary equipment to perform such services. We have yet to secure any underwater diving services and advanced NDT and inspection services work, which we believe is due to our Group not having the necessary in-house expertise and equipment, to be able to quote competitively.

We intend to purchase underwater and advanced NDT equipment and attain IMCA license and classification society certification, which is a requirement for us to undertake and offer our customers underwater diving and advanced NDT services using our in-house capabilities. We will achieve this through new staff recruitment in the areas of business development and project management, as well as equipment and tool purchases.

Underwater diving services and advanced NDT and inspection services are extension of services currently provided by our Group. Offshore drilling rigs have structure or sections that are above and under water. Currently, our services focus on sections that are above water. By investing in underwater diving services, we will be able to provide inspection services for entire rig (both above and under water sections). Advanced NDT is also an extension of the current conventional NDT service that we are offering. Advanced NDT involves the use of advance equipment such as Phased Array and Long Range Ultrasonic Testing equipment and Alternating current field measuring equipment.

## 7. BUSINESS OVERVIEW (Cont'd)

As more rigs are being activated in the O&G sector as a result of improving oil price, request for such underwater inspection services will increase. Our Group is in a strong position to secure such projects, especially for rigs customers that we are already providing existing EPC and project management as well as manpower supply services. These are additional source of revenue and having the extended services will enable our Group to be a more integrated and comprehensive service provider.

### 7.21.2 We intend to further strengthen our project management capabilities for the downstream O&G segment

We intend to further strengthen our project management capabilities for the downstream O&G segment to broaden our revenue stream in the next 24 months. In May 2018, we secured our first downstream O&G contract from ASEAN Bintulu Fertilizer Sdn Bhd for the provision of plant change project work in Bintulu, Sarawak. Since then, we have continued securing downstream O&G projects. As a result, we anticipate that most of our operations will be concentrated in the offshore oilfields in East Malaysia and onshore areas along the Sarawak Corridor of Renewable Energy (SCORE).

We intend to further strengthen our downstream project management capabilities to capture opportunities in downstream O&G segment. We will achieve this through new staff recruitment in the areas of business development and project management, training and development of existing staff as well as equipment and tool purchases.

To facilitate this initiative, we have allocated RM8.59 million from the proceeds of the IPO for the enhancement and strengthening of our capabilities which will include expenditure on the following:

Type of machinery/equipment	Description/Function	No. of units	Total estimated cost RM'000
Diesel-fuelled welding machine	Diesel fuelled machine that enables welding work to be carried out on-site (i.e. without the need of on-site power supply)	24	1,380
Diesel-fuelled Air Compressor	Device that supplies compressed air for storage, and subsequent use in relevant tools and equipment or applications	6	636
Cabins	Containers that can be converted and used as on-site office or storage	4	570
Cold cutting machine	Machine used to perform cold cutting (i.e. without use of heat from torch (hot cutting) where open flame is used)	2	600
Milling machine	Machine used to perform milling operations on steel materials	2	176
Scaffolding materials	Materials used to erect for temporary work platform, structure or access on facilities.	120	2,420
Blasting and painting equipment	Equipment used to perform blasting and painting works for steel structures and piping	6	1,110

**7. BUSINESS OVERVIEW (Cont'd)**

Type of machinery/equipment	Description/Function	No. of units	Total estimated cost RM'000
Hydro test equipment and fittings	Equipment and fittings used to test the pressure in a fluid, or exerted by a fluid on an immersed component	-	300
Lifting and rigging equipment	Equipment (ropes and chains) used for rigging and lifting activities	-	1,400
<b>Total</b>			<b>8,592</b>

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## 8. INDUSTRY OVERVIEW



PROVIDENCE STRATEGIC PARTNERS SDN BHD  
(1238910-A)  
67-1, Block D, Jaya One, No. 72A, Jalan Universiti,  
46200 Petaling Jaya, Selangor, Malaysia.  
T: +603 7625 1769

Date: 5 June 2020

The Board of Directors  
**OCEAN VANTAGE HOLDINGS BERHAD**  
Lot 5570, 1st Floor, Jalan Desa Pujut  
Desa Pujut Shophouse  
Pusat Bandar Baru Permyjaya  
98100 Miri, Sarawak  
Malaysia.

Dear Sirs,

### **Outlook of Malaysia's Offshore Oilfield Services Industry and the Global Oil and Gas Industry in conjunction with the Listing of OCEAN VANTAGE HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad**

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("PROVIDENCE") has prepared this Outlook of Malaysia's Offshore Oilfield Services Industry and the Global Oil and Gas Industry for inclusion in the Prospectus of OCEAN VANTAGE HOLDINGS BERHAD.

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.

For and on behalf of PROVIDENCE:

ELIZABETH DHOSS  
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 ELIZABETH DHOSS:**

*Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.*

## 8. INDUSTRY OVERVIEW (Cont'd)



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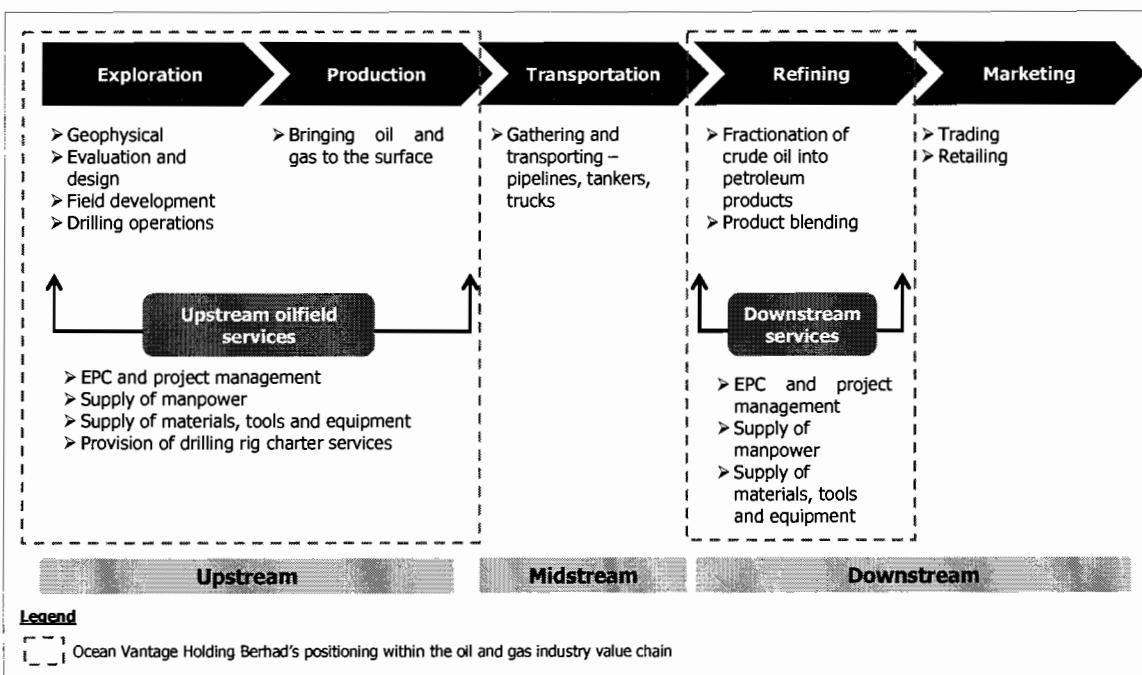
### 1 OFFSHORE OILFIELD SERVICES IN MALAYSIA

Oil and gas are fossil fuels formed from the decomposition and pressurisation of algae, plankton and other organisms trapped in sedimentary deposits. Over millions of years, the heat and geological pressure transforms these organic matters into hydrocarbons, which are compounds consisting entirely of hydrogen and carbon. The area which contains substantial volumes of hydrocarbon forms for commercial production is known as an oil field. The products obtained from an oil field are referred to as crude oil and natural gas, which are energy sources.

Oil fields can be discovered offshore or onshore. Oil and gas are considered important resources globally as they are used as transportation fuel, fuel for industrial operations, electricity generation, and 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. The exploration, production and distribution of oil and gas have developed over the centuries and now involve processes that are complex and capital intensive.

Oil and gas companies and contractors in the upstream, midstream and downstream sectors of the oil and gas industry are supported by oil and gas support service providers. The range of services offered by these oil and gas support services providers include, amongst others, drilling, geological studies, extraction, fabrication, marine transportation, hook-up and commissioning services, platform maintenance, and manpower supply.

Ocean Vantage Holdings Berhad is principally involved in the provision of support services for the upstream and downstream segments of the oil and gas industry, where its range of services include project management; civil construction; electrical and instrumentation; supply chain management; and supply of manpower, tools and equipment.



#### 1.1 INDUSTRY SIZE AND GROWTH POTENTIAL

Between 2010 and 2019, the oil and gas industry in Malaysia contributed between 7.5% and 11.0% of the country's gross domestic product ("GDP"), signifying its importance to overall economic development. Sabah and Sarawak are the key oil and gas producing states in Malaysia, where in 2018, Sabah's oil and gas industry contributed to 28.4% of the state's GDP, while Sarawak's oil and gas industry contributed to 23.5% of the state's GDP. Oil and gas is a key economic sector in Sarawak, with the state's history in oil and gas activities spanning back to 1910.

## 8. INDUSTRY OVERVIEW (Cont'd)

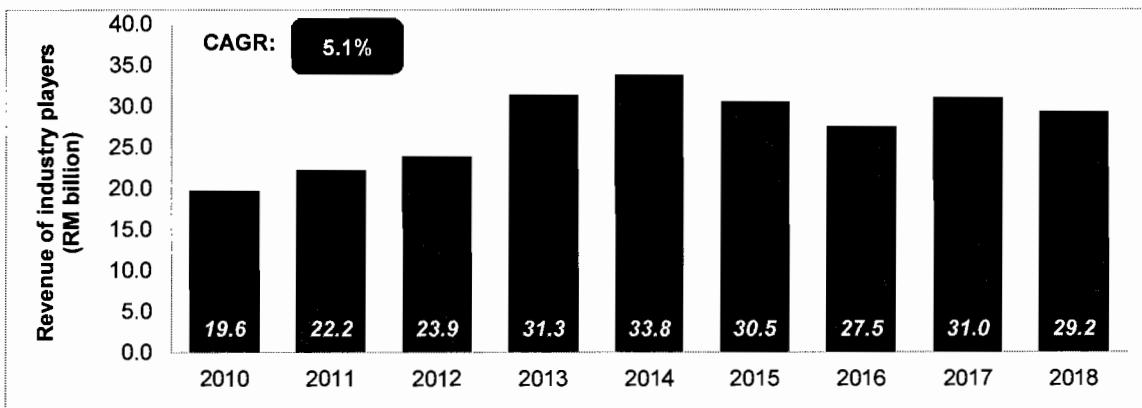


Malaysia's crude oil production comes from offshore fields. Malaysia's production of crude oil and condensates increased from 233.0 million barrels in 2010 to 248.9 million barrels in 2018 at a compound annual growth rate ("CAGR") of 0.8%. Over the same period, production of natural gas declined by 0.2% from 71,543 kilotonnes of oil equivalent ("ktoe") to 70,200 ktoe. In 2018, Malaysia was the 4<sup>th</sup> largest crude oil producing country and 4<sup>th</sup> largest natural gas producing country in Asia Pacific.

Oilfield services are required throughout the lifecycle of an oil and gas well. The oilfield services industry provides equipment and services to oil and gas exploration and production companies globally. As oil fields can be discovered offshore or onshore, oilfield services can be broadly divided into onshore oilfield services and offshore oilfield services. Oilfield services cover a wide range of services, including but not limited to, engineering, procurement, installation, commissioning and decommissioning services; ship chartering and management services; non-destructive inspection and testing services; manpower supply services; drilling rig supply services; and oil and gas equipment trading.

The offshore oilfield services industry in Malaysia, measured by the revenue of industry players, increased from RM19.6 billion in 2010 to RM29.2 billion in 2018 at a CAGR of 5.1%. In 2018, the project management and engineering, procurement and construction ("EPC") segment formed approximately 57.7% of the offshore oilfield services industry in Malaysia, while the supply of manpower segment and the supply of materials, tools and equipment segment comprised 0.8% and 4.0% respectively. The remaining 37.5% includes, amongst others, pipe manufacturing, installation and maintenance; repair and sale of marine vessels; vessel chartering and brokering; and well enhancement services. The offshore oilfield services industry in Malaysia is expected to further increase at a CAGR of 1.6% from RM29.2 billion in 2018 to RM31.1 billion in 2022 on the back of increasing oil and gas demand, the development of new technology for the exploitation of out of reach reserves, stabilising crude oil prices, and increasing rig count.

Offshore oilfield services industry size in Malaysia



Latest available as at 5 June 2020

Source: Companies Commission of Malaysia, PROVIDENCE analysis

The capital expenditure of oil and gas companies in Malaysia is an indicator of the outlook of the country's oil and gas industry. The capital expenditure of oil and gas companies is influenced by crude oil prices, where falling crude oil prices typically result in capital expenditure cuts. Between 2010 and 2018, the capital expenditure of Petroliam Nasional Berhad ("PETRONAS") increased from RM37.1 billion to RM46.9 billion. PETRONAS typically allocates more than half of its capital expenditure for upstream exploration and production activities. In 2016 and 2017, due to weak global crude oil prices, PETRONAS reduced its capital expenditure in an effort to reduce costs. However, in 2018, PETRONAS increased its capital expenditure for the first time in three years, to RM46.9 billion, on the back of the recovery in oil prices and its ongoing cost-efficiency drive that boosted its profit in 2017. In 2019, PETRONAS further increased its capital investments to RM47.8 billion, mainly attributable to upstream projects.

PETRONAS currently has several ongoing major contracts in various categories in the oil and gas industry, whereby many of these key contracts are due for re-tendering in 2020 to 2021. These contracts include 12 contracts in the offshore fabrication category; one contract in the offshore installation category; one contract in the hook-up and commissioning and modification, construction and maintenance

## 8. INDUSTRY OVERVIEW (Cont'd)



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category; one contract in the underwater services category; one contract in the marine vessels category; and 14 contracts in the others category, which includes, amongst others, coating and painting services, insulation services, and inspection corrosion monitoring services. This retendering exercise is expected to bode well for the offshore oilfield services industry. Further in October 2019, PETRONAS announced the first round of bidding for discovered resource opportunities ("DRO") and extending life of late life assets ("LLA") for four DRO clusters (namely Diwangsa cluster and Rhu-Ara cluster in the waters of Peninsular Malaysia as well as Bambazon cluster and Kerisi cluster in the waters of Sabah) and technical studies for two LLAs (namely Malong, Anding, Sotong and Tembungo fields), with bid submission in May 2020.

Between 2010 and 2017, the average price of Brent crude oil decreased from USD79.6 per barrel to USD54.4 per barrel. Despite the fall in crude oil prices, Malaysia's oil and gas industry has continued to be a significant contributor to the country's economy, and is expected to play an increasingly important role as the price of crude oil recovers due to the expected shortage of supply of oil arising from sanctions imposed on Iran, sanctions imposed by the United States of America ("USA") on Venezuela, as well as the decision of the Organisation of the Petroleum Exporting Countries ("OPEC") to maintain oil production levels in adherence with the oil production cuts that was implemented at the start of 2017. The deal for the OPEC to curb oil production was extended to last throughout 2018 in order to further reduce the glut of oil that built up during the oil crash between 2014 and 2016.<sup>1</sup> In 2018, the average price of Brent crude oil rose to USD71.07 per barrel before dipping to USD64.03 in 2019 arising from concerns of oversupply and weak demand. In July 2019, OPEC and its non-OPEC partners under the Vienna Agreement, agreed to an extension of existing production cuts through March 2020.

Malaysia's oil and natural gas policy historically has focused on maintaining the reserve base to ensure long-term supply security while providing affordable fuel to its population through subsidised fuel sales. Between 2010 and 2017, Malaysia's reserves of crude oil and condensates decreased from 5.8 billion barrels to 3.0 billion barrels, while the country's reserves of natural gas also witnessed a decrease from 88.6 trillion ft<sup>3</sup> to 84.5 trillion standard ft<sup>3</sup>. Over the same period, Malaysia's oil reserves accounted for approximately 0.2% to 0.4% of global oil reserves, while Malaysia's natural gas reserves formed between 1.0% and 1.5% of global natural gas reserves.

The oil and gas reserves in Malaysia remained stable between 2010 and 2014, before declining due to the oil price crash that was a result of lower demand for oil and gas as countries such as the People's Republic of China ("China"), Russia, India, and Brazil experienced slower economic growth. The oil price crash resulted in a decrease in the number of proved crude oil reserves in Malaysia as proved oil and gas reserves were declassified as proved reserves during the oil price crash as the lower crude oil prices rendered them uneconomical to produce.

### Reserves of crude oil and natural gas

Year	Reserves volume					
	Crude oil and condensates			Natural gas		
Malaysia (billion barrels)	World (billion barrels)	Malaysia as percentage of the world (%)	Malaysia (trillion ft <sup>3</sup> )	World (trillion ft <sup>3</sup> )	Malaysia as percentage of the world (%)	
2010	5.8	0.4	88.6	6,359.7	1.4	
2011	5.9	0.4	90.0	6,738.5	1.3	
2012	6.0	0.4	92.1	6,719.9	1.4	
2013	5.9	0.3	98.3	6,776.6	1.5	
2014	5.8	0.3	100.7	6,823.8	1.5	
2015	5.9	0.3	100.4	6,761.6	1.5	
2016	5.0	0.3	87.8	6,819.0	1.3	
2017	3.6	0.2	96.6	6,831.7	1.4	
2018	3.0	0.2	84.5	6,951.8	1.2	

Source: Energy Commission of Malaysia, BP Statistical Review of World Energy 2019, PROVIDENCE analysis

<sup>1</sup> Oil production cuts set to be extended throughout 2018, 30 November 2017, Financial Times

## 8. INDUSTRY OVERVIEW (Cont'd)



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### DEMAND CONDITIONS: KEY GROWTH DRIVERS

#### Increased demand for oil and gas

Between 2010 and 2018, the global demand for crude oil, measured by consumption volume, increased from 32.3 billion barrels to 36.4 billion barrels at a CAGR of 1.5%. Over the same period, global demand for natural gas also recorded positive growth, increasing from 3,175.9 billion cubic metres ("m<sup>3</sup>") to 3,848.9 billion m<sup>3</sup> at a CAGR of 2.4%. Moving forward, the global demand for crude oil is expected to further increase to 37.3 billion barrels in 2025, while the global demand for natural gas is expected to increase to 4,112.0 billion m<sup>3</sup> in 2025.

The increased consumption of crude oil and natural gas by various end-users such as the transportation and power generation sectors, is creating high demand for energy. To meet this demand, governments and vendors are investing in exploration and production activities for increasing the production of oil and gas. The global production of crude oil increased from 30.4 billion barrels in 2010 to 34.6 billion barrels in 2018 at a CAGR of 1.6%, while global production of natural gas increased at a rate of 2.5% from 3,169.3 billion m<sup>3</sup> to 3,848.9 billion m<sup>3</sup>. Over the same period, Malaysia's production of crude oil increased from 233.0 million barrels to 248.9 million barrels at a CAGR of 0.8%, while the country's production of natural gas declined at a rate of 1.7% from 71,543 ktoe to 62,334 ktoe. In 2018, Malaysia was the 23<sup>rd</sup> largest crude oil producing country, accounting for 0.7% of the global crude oil production, and the 12<sup>th</sup> largest natural gas producing country, forming approximately 1.9% of the global production of natural gas.

#### Production of crude oil and natural gas

Year	Production volume					
	Crude oil and condensates			Natural gas		
	Malaysia ('000 barrels)	World ('000 barrels)	Malaysia as percentage of the world (%)	Malaysia (ktoe)	World (ktoe)	Malaysia as percentage of the world (%)
2010	232,981	30,413,625	0.8	71,543	2,725,100	2.6
2011	207,974	30,669,855	0.7	69,849	2,810,800	2.5
2012	213,445	31,559,814	0.7	62,581	2,869,400	2.2
2013	210,022	31,598,050	0.7	64,406	2,903,000	2.2
2014	220,045	32,383,165	0.7	63,091	2,963,800	2.1
2015	241,491	33,414,655	0.7	62,119	3,026,200	2.1
2016	243,395	33,680,418	0.7	62,723	3,052,300	2.1
2017	254,405	33,816,885	0.8	67,400	3,164,600	2.1
2018	248,896	34,572,274	0.7	62,334	3,325,762	1.9
CAGR	0.8%	1.6%	Not applicable	-1.7%	2.5%	Not applicable

Source: Energy Commission of Malaysia, BP Statistical Review of World Energy 2019, PROVIDENCE analysis

Natural gas is among the preferred fuel options for power generation. In many countries such as the USA, natural gas is the fastest growing fuel option. Gas fired power plants can be erected quickly with relatively lower initial investments, and the high operational flexibility and emissions from these plants are considerably lower than that from coal fired power plants. The earthquake in Japan which caused a partial meltdown in the Daiichi nuclear power plant in Fukushima has led to several nations reconsidering their nuclear strategies. With this recent incident in mind, natural gas is increasingly appearing as a safer and cleaner fuel option for power generation.

As demand for oil and gas increases, there will be an increasing development of new oil fields, thus creating opportunities for the offshore oilfield services industry.

#### Development of new technology for the exploitation of out of reach reserves

The oil and gas industry is dependent on exploration and production technology in order to tap into out of reach reserves. Among technologies currently being employed for exploration activities include seismic imaging, controlled source electromagnetism and earth systems modelling. However, industry stakeholders are of the opinion that these technologies can be further improved to increase the success of exploration activities.

## 8. INDUSTRY OVERVIEW (Cont'd)



New technology such as hydraulic fracturing has led to a renewed interest in aging oilfields such as the Permian Basin in Texas, USA. Hydraulic fracturing involves pumping a mixture of sand, water and chemicals underground at high temperature to release oil from hydrocarbons. This technique has made possible the extraction of shale oil and gas that was previously inaccessible, leading to the discovery of new oilfields in USA. Recently it has been discovered that with some adaptations, this technique is also able to boost production from mature oilfields such as the Permian Basin. The hydraulic fracturing technique has also managed to boost oil production in the Bakken Shale from approximately 1,800 barrels daily in 2001 to 95,000 barrels daily in 2016.

Technological advances and operational efficiencies have driven cost reductions, thus spurring the exploitation of out of reach reserves. Advanced drilling technology has made possible the exploitation of pre-salt reservoirs in Brazil's Tupi Field in the Santos Basin. Pre-salt reservoirs refer to hydrocarbon reservoirs buried below 6,500 feet of salt and drilling through the dense salt layer at enormous depths poses technological challenges. Taking into consideration the amount of reserves in this basin, Brazil is estimated to hold in excess of 6 trillion m<sup>3</sup> of shale gas, or 20 times in excess of the nation's proven gas reserves in 2010<sup>2</sup>. These technological advancements provide larger opportunities for oil exploration, thus positively affecting the oil and gas industry.

Technological advancements for exploration and production activities of out of reach reserves will aid in the exploration and development of oil fields, thus creating a greater need for oilfield services.

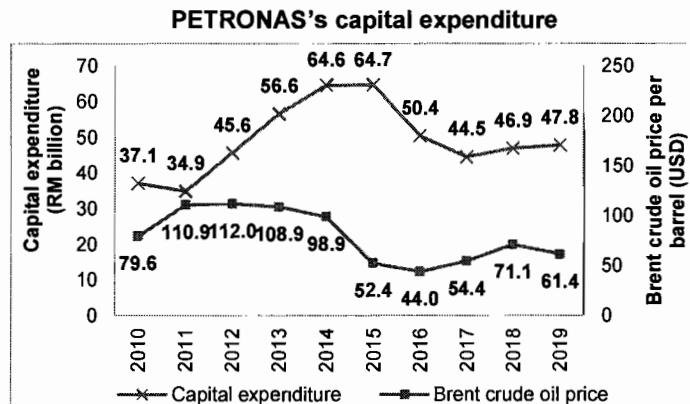
### Stabilising crude oil prices drive the demand for offshore oilfield services

The collapse in oil prices in 2014 severely undercut revenues and forced sharp cutbacks in spending among oil and gas industry players. With commodities staging a recovery, following a multi-year price rout, activity in the oil and gas sector has begun to strengthen. With oil and gas prices recovering, oil and gas operators have increased investment for the development of oil and gas projects, which were earlier delayed or stalled. The oilfield service providers are expected to be benefitted from the same with increased activities on recovery.

Between 2010 and 2017, the capital expenditure of PETRONAS increased from RM37.1 billion to RM44.5 billion, before further increasing to RM46.9 billion in 2018. PETRONAS typically allocates more than half of its capital expenditure for upstream exploration and production activities. In 2018, PETRONAS increased its capital expenditure on the back of the recovery in oil prices and its ongoing cost-efficiency drive that boosted its profit in 2017.

The offshore oilfield services industry in Malaysia is expected to grow on the back of the increasing need to improve productivity from mature and new reserves, increasing focus on developing unconventional hydrocarbons, and increasing investments in deepwater and ultra-deepwater projects. Currently, major upstream oil and gas projects in Malaysia include the development of Bardegg 2 and Baronia Enhanced Oil Recovery Development Project, Integrated Bokor Phase 3 Enhanced Oil Recovery, and Betty Redevelopment projects offshore Miri, Sarawak, while major downstream oil and gas projects in the country include the development of the Pengerang Integrated Petroleum Complex ("PIPC") in Pengerang, Johor; and the construction of an integrated supply base in Bintulu; Sarawak.

Crude oil prices remained volatile in 2018, with the average Brent crude oil price fluctuating from a year-high of USD86.2 per barrel to a low of USD57.0 per barrel due to an oversupply of oil which was driven by demand concern and increased supply from USA. As a result, OPEC agreed to extend production cuts to June 2019 to help stabilise the oil market. Despite its volatility, crude oil prices are recovering, and this will create renewed investment interest in upstream development works, especially costly offshore rigs



Source: PETRONAS, World Bank

<sup>2</sup> Source: International Energy Agency

## 8. INDUSTRY OVERVIEW (Cont'd)



which are profitable at current price levels, while encouraging major oil firms to increase their expenditure. As such, in 2019, PETRONAS further increased its capital expenditure to RM47.8 billion, where this capital expenditure will largely be targeted for the upstream segment, including under-development green fields and recent discoveries.<sup>3</sup> However, as many oil and gas companies remain cautious, cost cutting still remains a priority and as such, oil and gas companies are also focusing on technologies that will automate processes, reduce risk and allow for a lower headcount.<sup>4</sup>

Although the volatility in crude oil prices persisted in 2019, the oil and gas industry is currently on a cyclical recovery<sup>5</sup>, and PETRONAS forecasts that Malaysia's production volume of crude oil and condensates is expected to stand at an average of approximately 1.7 million barrels of oil equivalent per day between 2019 and 2023. According to the World Bank in its Commodity Markets Outlook published in October 2019, crude oil prices are expected to moderate from their current levels and average at USD58 per barrel in 2020, and USD59.1 per barrel in 2021.

The upstream sector of Malaysia's oil and gas industry has a pipeline of potential projects focused on developing new growth areas or greenfield projects and maximising ultimate recovery of existing fields or brownfield projects. PETRONAS and its petroleum arrangement contractors will continue to mature potential development projects within its portfolio to sustain the desired production level. Recently, PETRONAS and its joint venture partners, Repsol S.A. and Mitsui Oil Exploration Co Ltd, have made the largest gas find in Indonesia in 18 years in the Sakakemang block in South Sumatera.<sup>6</sup> PETRONAS forecasts that there will be 50 projects between 2018 to 2021, comprising 20 greenfield projects, where all these projects will involve new facilities development, and 30 brownfield projects, where approximately 10.0% of these projects will involve new facilities development.

### An increase in rig count will have a positive effect on the offshore oilfield services industry

Oil rigs are structures located offshore to facilitate the exploration, extraction, storage and processing of oil and gas. Between 2010 and 2018, the number of active rigs worldwide declined at a rate of 3.7% from an average of 2,985 rigs to an average of 2,211 rigs. However, in recent years, the number of active rigs globally has been on an uptake, increasing from an average of 1,593 rigs in 2016 to an average of 2,211 rigs in 2018, at a CAGR of 17.8%. In 2019, the average number of active rigs rose to 2177 rigs. A similar trend was witnessed in the number of active rigs in Malaysia, where there was an uptake between 2016 and 2018 from an average of 4 rigs to an average of 7 rigs, recording a CAGR of 32.3%. In December 2019, the number of active rigs in Malaysia stood at 12 rigs.

The number of oil rigs is correlated with demand for offshore oilfield services, and thus, as the number of oil rigs continue to increase on the back of stabilising crude oil prices, this is expected to have a positive effect on the offshore oilfield services.

### Government initiatives to boost the oil and gas industry in Malaysia

The Economic Transformation Programme ("ETP") and the Eleventh Malaysia Plan ("11MP") (2016 – 2020) are initiatives implemented by the Government in 2010 and 2016 respectively. These two initiatives aim to transform Malaysia into an advanced and high-income economy as well as an inclusive nation by 2020. Several measures were announced under the ETP and 11MP to boost development of Malaysia's oil and gas industry, whereby these measures include:

#### ▪ Ensuring gas supply security

Gas supply security would be ensured through the construction of pipelines from the Malaysia-Thailand Joint Development Area to Kerteh, Terengganu; construction of the Regasification Terminal-2 in Pengerang, Johor; and the commissioning of two floating liquefied natural gas units offshore Sabah and Sarawak with a capacity of 2.7 million tonnes per annum.

#### ▪ Enhancing growth in the downstream sector

Malaysia can capture the value created from international flows of crude oil and refined products by building a regional oil-storage hub and developing a regasification terminal for imported liquefied natural gas. In line with this, PIPC, a major development which will add 300,000 barrels per day of oil refining capacity in Malaysia, is currently under construction in Pengerang, Johor. Effective

<sup>3</sup> Petronas higher capex to benefit local oil and gas service providers, 11 March 2019, New Straits Times

<sup>4</sup> O&G industry looks to talent and technology on stronger outlook, 11 October 2018, The Malaysian Reserve

<sup>5</sup> O&G sector to see buoyant activity across value chain, 12 March 2019, The Star

<sup>6</sup> Petronas-Repsol JV makes largest gas find in Indonesia in 18 years, 20 February 2019, The Star

## 8. INDUSTRY OVERVIEW (Cont'd)



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functionality of the PIPC can only be achieved when the necessary supporting infrastructure and public amenities are in place, thus, the Government will provide support to construct essential infrastructure such as roads, drainage, and utilities for this development.

- **Ensuring sustainability of production**

This initiative aims to extend the lifecycle of existing resources by optimising exploration, development and production activities. This is done by capturing value from mature fields through enhanced oil recovery, using innovative solutions to develop small fields, and intensifying exploration activities.

- **Establishing Malaysia as a regional oil and gas services and equipment hub**

Malaysia aspires to become an established regional oil and gas services and equipment hub. As such, Malaysia Petroleum Resources Corporation has embarked on several initiatives, including facilitating local oil and gas services and equipment companies' expansion into Asia Pacific and beyond; building Malaysia's reputation as a regional hub by establishing a Malaysian presence in prominent oil and gas exhibitions globally; and attracting oil and gas services and equipment multinational corporations to set up regional headquarters in Malaysia. Since 2017, the regional headquarters of the top five global oil and gas services and equipment multinational corporations and 18 of the top 50 global oil and gas services and equipment multinational corporations were already in Malaysia. The Government targets to have half of the top oil and gas services and equipment multinational corporations' regional headquarters in Malaysia by 2020.

### TRENDS AND DEVELOPMENTS IMPACTING THE INDUSTRY

The upstream oil and gas segment in Malaysia is largely dominated by PETRONAS, which was granted exclusive rights over Malaysia's hydrocarbon resources under the Petroleum Development Act 1974. As such, PETRONAS, which is a major player in the oil and gas industry in Malaysia, is responsible for the development of the country's petroleum resources. As PETRONAS has exclusive rights to Malaysia's hydrocarbon resources, PETRONAS signs production sharing contracts ("PSC") with oilfield operators who are obligated to bear all finance and risks of exploration, development and production activities, in exchange for a share of total production. Oilfield operators with PSCs are required to comply with the national objective of maximising local participations of vendors for equipment, infrastructure, goods, materials, supplies and services in upstream oil and gas operations in Malaysia. In early 2011, PETRONAS introduced risk service contracts ("RSC") to stimulate the development of marginal projects and increase the recovery of Malaysia's hydrocarbon resources. Under the RSC, PETRONAS retains resource ownership, whilst the RSC partners hold responsibility for field development and operations.

Crude oil and natural gas are forms of fossil fuels whereby crude oil is primarily used as transportation fuel while natural gas is used across multiple end-user industries such as the transportation and power generation sectors, as fuel for industrial processes, and for residential and commercial heating. As an energy source, oil and gas can be substituted with alternative fuels such as nuclear power, solar power, ethanol, and wind power. However, these alternative forms of energy are still considered to be uneconomical substitutes as they are less efficient and more expensive than fossil fuels. As such, crude oil will continue to be consumed by the global economy, regardless of oil prices, and as a result, oilfield services will continue to be in demand.

Demand for oilfield services in Malaysia are dependent on oil and gas upstream and downstream activities in the country. In 2018, Malaysia was the 23<sup>rd</sup> largest crude oil producing country, accounting for 0.7% of the global crude oil production, and the 12<sup>th</sup> largest natural gas producing country, forming approximately 1.9% of the global production of natural gas. As a key oil and gas producing country, Malaysia has created a vibrant ecosystem which offers competitive rates and skilled manpower to support the growth of its oil and gas upstream and downstream sectors.

Between 2010 and 2017, total employment for oil and gas supporting activities declined by 1.2% from 19,782 persons to 18,146 persons.<sup>7</sup> Nonetheless, major oil and gas companies in Malaysia are employing more local professionals and technical and vocational education and training graduates instead of foreign professionals as Malaysia is now able to produce its own local oil and gas talent.<sup>8</sup> Further, in 2018, PETRONAS undertook a study to outline Malaysia's oil and gas services and equipment talent landscape. This study covers PETRONAS vendors, and will help to identify talent shortages and

<sup>7</sup> Latest available as at 5 June 2020

<sup>8</sup> Oil and gas sector hires more local graduates, trims forex losses, 19 February 2019, New Straits Times

## 8. INDUSTRY OVERVIEW (Cont'd)



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excesses across the industry based on categories and skill sets to aid players in making key decisions to manage workforce planning, improve skill demand projection and highlight talent competency gap in skills and qualification to meet industry needs. The outcome of this study will help create an optimum and competent workforce in the industry.<sup>9</sup>

The performance of the oil and gas sector, including the oilfield services industry, is also dependent on the global crude oil price which may cause oil and gas companies to reduce their capital expenditure, defer or cancel projects that were deemed not profitable as a result of falling or low crude oil prices. This decrease in capital expenditure will result in reduced exploration and production activities in the oil and gas sector, and may negatively impact the demand for oilfield services. However, the effects of the volatility of crude oil prices may also result in a higher number of rigs being decommissioned to save cost when crude oil prices fall, and these rigs may then be commissioned again as crude oil prices recover. This will result in increased commissioning and decommissioning activities, depending on the global crude oil price.

The oil and gas sector in Malaysia are governed by several laws and regulations. Two of the main legislations governing the oilfield services industry in Malaysia are the Petroleum Development Act 1974 and the Petroleum Regulations 1974. The purpose of the Petroleum Development Act 1974 is to regulate the oil and gas and petrochemical industries in Malaysia, under which PETRONAS was granted exclusive rights over Malaysia's hydrocarbon resources. The Petroleum Regulations 1974 was established to divide the upstream and downstream oil and gas activities to different entities, with PETRONAS responsible for upstream oil and gas activities in Malaysia while the Ministry of International Trade and Industry ("MITI") as well as the Ministry of Domestic Trade, Co-Operatives and Consumerism ("MDTCC") are responsible for the regulation of Malaysia's downstream oil and gas activities. Companies involved in the exploration, development and production of hydrocarbon resources in Malaysia are required to obtain approval from PETRONAS. Oilfield service providers which are PETRONAS licence holders have an added advantage as they are able to provide goods / services to the upstream sector in the oil and gas industry.

With regards to downstream sector, companies involved in the refining of crude petroleum, the processing of natural gas and the manufacture of petroleum products and petrochemical products must first obtain a permit from MITI, while companies involved in the marketing and distribution of petroleum and petrochemical products must first obtain a licence from MDTCC. Nonetheless, oilfield service providers such as Ocean Vantage Holdings Berhad that are not involved in the exploration, development, production, refining of crude oil and processing of petroleum products and petrochemical products, as well as marketing and distribution are not required to obtain a permit from MITI or license from MDTCC.

The oilfield services industry in Malaysia, the segment in which Ocean Vantage Holdings Berhad is also governed by labour laws which include the Employment Act 1955, Immigration Act 1959 / 1963, Minimum Retirement Age Act 2012, Minimum Wages Order 2012, and Workmen's Compensation Act 1952. The Department of Labour under the Ministry of Human Resource is responsible for the administration of labour laws in Malaysia. In addition, the industry is also governed by the Occupational Safety and Health Act 1994, which is an act to make further provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, to establish the National Council for Occupational Safety and Health, and for matters connected therewith. The Act is enforced by the Department of Occupational Safety and Health under the Ministry of Human Resources.

### ***Impact of the coronavirus disease 2019 ("COVID-19") on Malaysia's oil and gas industry***

Following a high number of coronavirus infections amongst the population in Malaysia, the Government of Malaysia announced a controlled movement order that took effect from 18 March 2020 and has since been extended on a bi-weekly basis to 12 May 2020. Under the controlled movement order, companies involved in the production of non-essential products and services are required to cease operations until 12 May 2020. On 10 May 2020, the Government of Malaysia announced an extension of the conditional movement control order from 13 May 2020 to 9 June 2020. Under the conditional movement control order, various economic sectors were reopened with strict standard operating procedures to be observed. Nonetheless, employees were also encouraged to work from home and provided with the necessary tools to remain connected and productive during this period.

<sup>9</sup> Source: Petronas Activity Outlook 2019 - 2021

## 8. INDUSTRY OVERVIEW (Cont'd)



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Pursuant to the announcement by the Government of Malaysia on the controlled movement order effective from 18 March 2020, PETRONAS issued a statement on its position that oil and gas, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services as per the announcement made by the Prime Minister of Malaysia and specified under section 2 (First Schedule), Act 177, Industrial Relations Act 1967. Therefore, all operations falling within the above essential services including all support services should continue, with the respective parties' necessary working arrangements and precaution as may be appropriate, until advised otherwise by the Government. As such, offshore oilfield services industry players are deemed to fall under essential services and permitted to continue operations during this period.

Globally, as a result of COVID-19, Brent crude oil prices have fallen by almost two-thirds to USD23.34 per barrel in April 2020 from the USD65.85 per barrel in December 2019. In May 2020, Brent crude oil prices rose slightly to USD31.02 per barrel. Transport disruptions and an economic decline have weakened demand for crude oil.

While it is still early to fully assess the impact of COVID-19 on Malaysia's offshore oilfield services industry, the decline in demand for crude oil is expected to result in lower activities, possible project deferrals or cancellations and increased margin pressures across the board in all value chains within the oil and gas industry in the short term. There is potentially an increased risk of delay in contract awards and activities within the upstream space in 2020 as Malaysia has committed to a production cut. A sharp and sustained decline in oil prices also tend to curb investments in the oil and gas sector. Nonetheless, there are still opportunities for offshore oilfield services industry players that offer manpower services as well as preservation and maintenance services for warm-stacked and cold-stacked assets during periods of low upstream exploration and production activities.

### COMPETITIVE LANDSCAPE

There is a wide range of oilfield services available, ranging from seismic imaging to deepwater oil exploration. Larger offshore oilfield services industry players typically offer a broader range of offshore oilfield services, while smaller offshore oilfield services industry players are usually more specialised and focus on a market niche.

Ocean Vantage Holdings Berhad is principally involved in the provision of support services for the upstream and downstream segments of the oil and gas industry through its wholly-owned subsidiaries, Ocean Vantage Engineering Sdn Bhd and Ocean Vantage Inspection Testing Sdn Bhd, where its range of services include EPC and project management; supply of manpower; supply of materials, tools and equipment; provision of drilling rig charter services.

For the financial year ended ("FYE") 31 December 2018, Ocean Vantage Holdings Berhad's revenue amounted to RM30.5 million. Ocean Vantage Holding Berhad's three major revenue segments, comprising more than 10.0% of their revenue, are the EPC and project management segment; supply of manpower segment; and supply of materials, tools and equipment segment. Based on Ocean Vantage Holdings Berhad's revenue, relative to the revenues of other Malaysian offshore oilfield industry players (from the financial statements of each competitor for the FYE 2018), Ocean Vantage Holdings Berhad registered a market share of 0.07% in the EPC and project management segment, 6.07% in the supply of manpower segment, and 0.31% in the supply of materials, tools and equipment segment.

Ocean Vantage Holdings Berhad recorded a revenue of RM58.3 million in the FYE 31 December 2019, where its gross profit was RM14.8 million and gross profit margin was 25.4%. The major factors that contributed to Ocean Vantage Holdings Berhad achieving a higher gross profit margin relative to other industry players, save for Sea Horse Services Sdn Bhd and Maysville Sdn Bhd, are:

- Ocean Vantage Holdings Berhad has access to a wide database of drilling, marine and maintenance crew as well as onshore crew for oil and gas projects that allows it to fulfil customers' staffing needs in a timely manner. As at the LPD, Ocean Vantage Holdings Berhad has more than 850 candidates in its database;
- Ocean Vantage Holdings Berhad's database of crew are primarily Malaysian nationals, thereby allowing Ocean Vantage Holdings Berhad to save on expenditure such as visa expenses that other industry players may incur for the recruitment of foreign nationals; and
- Ocean Vantage Holdings Berhad is able to procure materials, tools and equipment for its business at competitive rates as it pays suppliers in a timely manner and within the suppliers' stipulated credit period.

## 8. INDUSTRY OVERVIEW (Cont'd)



### Financial performance of selected offshore oilfield services industry players

The following sets out the latest available revenues of offshore oilfield services industry players that are involved in the provision of support services for the upstream and downstream segments of the oil and gas industry, with revenues for offshore oilfield services between RM10.0 million and RM120.0 million.

Industry player	Business segments	Latest available financial year ended	Revenue <sup>a</sup> (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit after tax (RM)
Bayong Resources Sdn Bhd	Supply of manpower	31 December 2017 <sup>b</sup>	50,239,343	10,709,125	21.3	1,021,255	511,526
ETD Makmur (M) Sdn Bhd	Supply of materials, tools and equipment	31 December 2017 <sup>c</sup>	52,225,398	4,222,628	22.7	3,492,915	3,041,915
Kopetro Trading and Services Sdn Bhd	Supply of manpower; supply of materials, tools and equipment	31 December 2018	31,789,992	2,114,842	6.7	99,630	92,837
Maysville Sdn Bhd	EPC and project management; supply of manpower; supply of materials, tools and equipment	30 June 2019	17,243,747	5,623,749	32.6	2,165,299	1,678,952
MKN Odyssey Ventures Sdn Bhd	Supply of manpower; supply of materials, tools and equipment; provision of drilling rig charter services	31 March 2019	101,022,990	2,348,818	2.3	2,031,600	1,543.274
Ocean Vantage Holdings Berhad	EPC and project management; supply of manpower; supply of materials, tools and equipment; provision of drilling rig charter services	31 December 2019	58,284,131	14,788,493	25.4	9,147,932	6,916,963
RedTech Offshore Sdn Bhd	EPC and project management	30 June 2019	60,903,297	5,116,397	8.4	1,423,209	938,587
Sea Horse Services Sdn Bhd	EPC and project management; supply of materials, tools and equipment	31 December 2018	4,535,649	2,192,615	48.3	98,006	68,006
Time Marine Services Sdn Bhd	EPC and project management; supply of manpower; supply of materials, tools and equipment; provision of drilling rig charter services	31 December 2018	38,336,815	-1,518,991	-4.0	-6,849,131	-6,318,971
				Average	17.3		

Notes:

<sup>a</sup> Save for Ocean Vantage Holdings Berhad, the segmental revenues for private companies are not publicly available from the Companies Commission of Malaysia

<sup>b</sup> Latest available audited financials prior to classification as exempt private company on 30 June 2019

<sup>c</sup> Latest available audited financials prior to classification as exempt private company on 30 September 2019

The rationale of using RM10.0 million to RM120.0 million as a criterion for identifying comparable companies is due to the following:

- Ocean Vantage Holding Berhad's revenue in FYE 31 December 2019 was RM58.3 million, in the mid-point of the revenue range criteria; and
- To allow identification of a wider range of comparable companies that compete with Ocean Vantage Holding Berhad in the EPC and project management; supply of manpower; supply of materials, tools and equipment; and provision of drilling rig charter service business segments respectively.

Latest available as at 5 June 2020

Source: Various annual reports, MATRADE, MOGSC, Companies Commission of Malaysia, PROVIDENCE analysis

## 8. INDUSTRY OVERVIEW (Cont'd)



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## 2 GLOBAL OIL AND GAS INDUSTRY

### INDUSTRY SIZE AND GROWTH POTENTIAL

Global oil and gas reserves have been on the rise between 2010 and 2018, with crude oil and condensates increasing from 1.6 trillion barrels to 1.7 trillion barrels, while natural gas increased from 6,359.7 trillion cubic feet (ft<sup>3</sup>) to 6,951.8 ft<sup>3</sup>. Over the same period, the global oil and gas industry registered positive growth, as marginal increase took place in the production of crude oil and natural gas. The global production of crude oil and condensates increased from 30.4 billion barrels in 2010 to 34.6 billion barrels in 2018 at a CAGR of 1.6%. Over the same period, the production of natural gas increased at a rate of 2.5% from 2,725.1 million tonnes of oil equivalent ("mtoe") to 3,325.8 mtoe.

The capital expenditure of oil and gas companies worldwide is an indicator of the outlook of the global oil and gas industry. The capital expenditure of oil and gas companies is influenced by crude oil prices, where falling crude oil prices typically result in capital expenditure cuts. 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. This fall in price was attributed to the strong US dollar and an oversupply of oil, which was exacerbated by OPEC's stand on retaining output volume, and the anticipation of Iran's return to the oil markets.

As a result of the falling crude oil prices, there was a reduction in capital expenditure for the global oil and gas upstream sector. 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. The global oil market remained oversupplied in 2016, with crude oil prices further falling. Global capital expenditure of the upstream oil and gas sector stood at USD375.0 billion in 2016, almost less than half from a peak of USD715.0 billion in 2014, as upstream oil and gas companies remained cautious in investment and cash flow constraints resulted in lower numbers of high-risk exploration. 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. Due to indications of an oil price recovery, global capital expenditure of the upstream oil and gas sector increased to USD400.0 billion. However, oil and gas companies continued to remain cautious and many oil companies avoided hard-to-reach reservoirs such as high-cost frontier areas in the Arctic, and high-pressure, high-temperature plays, and instead, focused on drilling simpler and better wells located near existing infrastructure in order to keep costs low. Although the number of sanctioned projects grew in 2017, these projects were generally smaller with companies opting for faster returns and reduced risks. In 2018, the average price of Brent crude oil rose to USD71.07 per barrel before dipping to USD64.03 in 2019, largely attributed to strong supply from the USA and concerns of weaker demand arising from the trade war between USA and China.

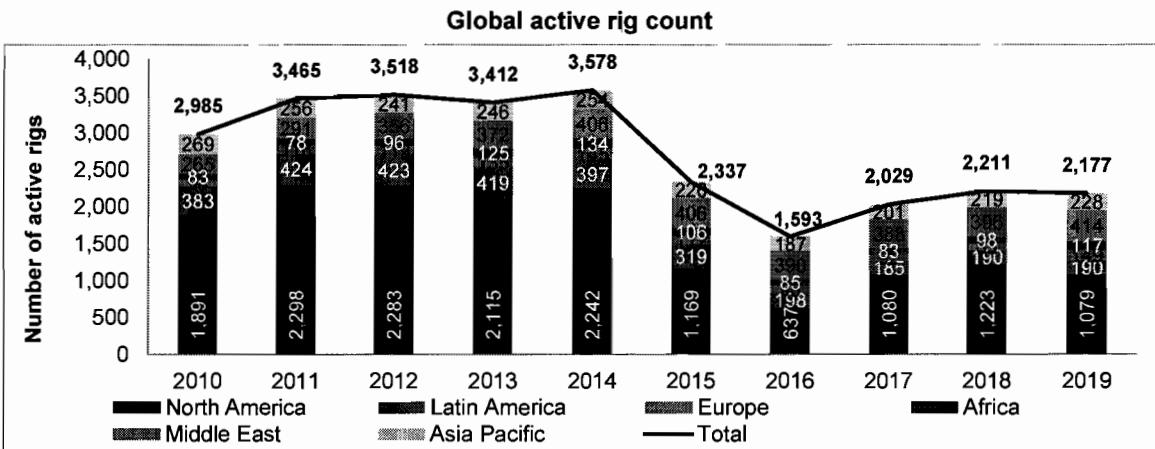
Between 2010 and 2018, the number of active rigs worldwide declined at a rate of 3.7% from an average of 2,985 rigs to an average of 2,177 rigs. However, in recent years, the number of active rigs globally has been on an uptake, increasing from an average of 1,593 rigs in 2016 to an average of 2,177 rigs in 2019, at a CAGR of 11.0%. In 2019, the number of active rigs in North America comprised 49.6% (2018: 55.3%) of the total number of active rigs worldwide. This was followed by Middle East with 19.0% (2018: 17.9%), Asia Pacific with 10.5% (2018: 9.9%), Latin America with 8.7% (2018: 8.6%), Africa with 5.4% (2018: 4.4%), and Europe with 6.8% (2018: 3.8%).

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## 8. INDUSTRY OVERVIEW (Cont'd)



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Source: Baker Hughes, PROVIDENCE analysis

Higher capital expenditure of oil and gas companies and increasing number of oil rigs is an indicator of higher exploration and production activities, and thus, bodes well for the production of oil and gas. Between 2010 and 2017, the global production of crude oil and condensates increased from 30.4 billion barrels to 34.6 billion barrels at a CAGR of 1.6%. Global production of crude oil is expected to further increase in line with the increasing capital expenditure as well as the uptake in the number of active rigs worldwide between 2016 and 2018, as the oil and gas industry recovers on the back of stabilising crude oil prices. In 2018, the USA was the largest oil producer with 5.6 billion barrels, forming 16.2% of global oil production. This was followed by the Kingdom of Saudi Arabia ("Saudi Arabia") with 4.5 billion barrels (13.0%), and Russia with 4.2 billion barrels (12.1%). USA was also the largest oil consumer in 2017, where its consumption of crude oil stood at 7.3 billion barrels and accounted for 20.2% of global consumption of crude oil. This was followed by China with 4.7 billion barrels (13.0%), and India with 1.7 billion barrels (4.8%).

The Middle East region is a key producer of oil and natural gas, representing 33.5% of global oil production and 17.8% of global gas production in 2017. Crude oil reserves in the Middle East region can be found close to the surface and may be pooled in mega fields.<sup>10</sup> There have been several oil and gas finds in the Middle East region in recent years, which amongst others, includes discoveries in the Khalij Al-Bahrain Basin in Bahrain, Mabrouk North East field in Oman, and the Arab Basin in the United Arab of Emirates. Despite production cuts made by OPEC to reduce the supply-demand mismatch of oil, oil production in the Middle East region continued to grow at a rate of 2.7% between 2010 and 2018, while natural gas production increased at a rate of 4.7% over the same period.

The Association of Southeast Nation ("ASEAN") represents 10 countries in Southeast Asia, namely Brunei Darussalam ("Brunei"), Cambodia, Indonesia, Lao People's Democratic Republic ("Laos"), Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. Crude oil in ASEAN is primarily produced by Brunei, Indonesia, Malaysia, Thailand, and Vietnam, with the region's crude oil mainly derived from mature oil fields. Certain ASEAN member states such as Cambodia, Laos, Philippines and Singapore, have limited or no domestic oil production. As a net oil importer, ASEAN is vulnerable to the supply disruption and oil price fluctuation. Through the ASEAN Petroleum Security Agreement (APSA), Southeast Asian countries are to follow a code of conduct to manage the flow of petroleum in the region. In addition, to overcome ASEAN dependency on oil import, ASEAN countries, as well as China, Japan and South Korea, have agreed upon the necessity to implement oil stockpiling to minimise the impact of oil supply disruption and highly volatile oil market. To support the idea, the ASEAN member states need to enhance their oil infrastructures and policies to control the consequences of oil supply and price disruption with oil stockpiles.

On 8 May 2018, the USA reinstated sanctions on Iran after Washington withdrew from the Joint Comprehensive Plan of Action, commonly known as the Iran nuclear deal. For this round of sanctions, USA has toughened its stance by asking several countries to reduce Iranian oil imports to zero by 4 November 2018. Post deadline, USA granted waivers to eight countries, namely China, India, Republic of Korea ("South Korea"), Japan, Italy, Greece, Republic of China, and Turkey, to import oil from Iran for another 180 days. The waivers granted to the eight countries are temporary waivers which are expiring between March to April 2019, and USA is expected to extend waivers from sanctions on Iranian oil

<sup>10</sup> Middle East Leads Global Supply of Conventional Oil, 20 December 2018, Rigzone

## 8. INDUSTRY OVERVIEW (*Cont'd*)



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imports in May but may reduce the number of countries receiving them.<sup>11</sup> These waivers will contribute to the volatility of crude oil prices globally. Oil demand growth is expected to be at risk as soaring oil prices, contributed by the oil sanctions on Iran, and weakening emerging markets currencies could lead to higher oil import bill.

In addition, there was also a risk of demand erosion due to escalation of trade disputes between USA and China. The trade war between USA and China resulted in uncertainty around crude oil prices as China is one of the world's top importers of the commodity and any sign that demand for it might waver puts pressure on prices. Crude oil stabilised at the beginning of 2019 on reports that China plans to hold talks with the United States to settle their trade balance differences. Following the G20 summit, a 90-day truce was reportedly agreed by the USA and China. It was expected that, during that window, China would resume USA oil imports, but the overall outlook for trade flow between USA and China in 2019 remained subdued. During the year, China had already moved to substitute its imports of crude oil from USA with increased imports from Saudi Arabia and Russia. In January 2020, USA and China signed a partial trade agreement (phase 1 deal) that will see China purchasing an additional USD200 billion of goods and services from the USA over the next two years. In exchange, the USA has agreed to reduce tariffs on USD120 billion worth of Chinese products from 15% to 7.5%.

In September 2019, crude oil prices increased briefly following an attack on key energy installations in Saudi Arabia, however the price increase was relatively short lived, and prices returned to pre-attack levels by the end of the month because of Saudi Arabia's ability to bring production back online within weeks of the attack and global concerns about demand growth. Throughout 2019, increases in petroleum production in the USA put downward pressure on crude oil prices. In addition, the production increases likely limited the effect on prices from the attack on Saudi Arabia, production cut announcements from the OPEC, and sanctions imposed by the USA on Iran and Venezuela that limited crude oil exports from those countries.

Global oil prices crashed in March 2020 following a fallout between Saudi Arabia and Russia, two of the world's most important oil producers, over how to respond to the potential effects of the coronavirus outbreak. A meeting between the OPEC and ten other oil producing countries (known as OPEC+) ended on 6<sup>th</sup> March 2020 as Saudi Arabia failed to convince Russia to accept a more than 1 million barrels per day cut in production to offset falling demand due to slowing economic activity during the coronavirus emergency. In response to Moscow's refusal to agree to the cut, Riyadh cut its official selling price for April 2020 by USD6 to USD8 per barrel in an effort to pressure Russia, as well as signalled to raise its production levels. Brent crude oil, the global benchmark, plunged 24% to close at USD33.36 a barrel as a result of this fallout. Both countries are placing hope in their ability to weather a hopefully temporary period of low oil prices, as their economies remain dependent on the export of oil products. The shock to oil has also affected stock markets, which were already in a panic because of the novel coronavirus outbreak. On 11<sup>th</sup> March 2020, the United Arab Emirates has announced intentions to follow Saudi Arabia's move to raise oil output in April 2020. In response to the drop in price, multiple oil producers in North America cut the drilling of new wells.

As a result of COVID-19, global Brent crude oil prices have fallen by almost two-thirds to USD23.34 per barrel in April 2020 from the USD65.85 per barrel in December 2019. In May 2020, Brent crude oil prices rose slightly to USD31.02 per barrel. The oil market has been hit by an unprecedented combination of negative-demand and positive-supply shocks. Mitigation measures to stem the pandemic and a global recession have coincided with the collapse of the production agreement by OPEC and its partners in early March 2020. This stands in contrast with supply shocks facing many other industries, which likely face a reduction in supply due to mitigation measures.

Transport disruptions and an economic decline have weakened demand for crude oil. The largest factor driving the collapse in oil prices has been the sharp reduction in demand arising from mitigation measures. The unprecedented drop in transport in many countries has led to a sharp fall in fuel demand. Oil demand fell by 6% in the first quarter of 2020, and the International Energy Agency anticipates it will fall by 23% in the second quarter of 2020 as a growing number of countries have put in place mitigation measures, particularly the USA (the largest consumer of oil). The slowdown in economic growth will also reduce global oil consumption. Oil has a relatively high-income elasticity of demand, which suggests that declines in economic growth can lead to falls in oil demand.<sup>12</sup>

<sup>11</sup> U.S. likely to cut number of Iran oil sanctions waivers in May analysts, 18 January 2019, Reuters

<sup>12</sup> Special Focus, A Shock Like No Other: The Impact of COVID-19 on Commodity Markets, April 2020, World Bank

## 9. 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 THE FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE MAKING AN APPLICATION FOR OUR SHARES.**

### 9.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRY

#### 9.1.1 Our business is generally project-based and we are exposed to the risk of delay or premature termination of secured projects and/or may not be able to secure new projects

As at the LPD, we do not have any long terms contracts with our customers. We generate our revenue as and when we deliver our services and products based on purchase orders received.

It is the industry norm for a company that provides services to offshore O&G operators to render its services on a project-basis. Generally, works outsourced by offshore O&G operators to the external service providers will be done on a tender basis. In addition, there is no guarantee that the O&G operator will continue to cooperate with the same service provider upon the project completion.

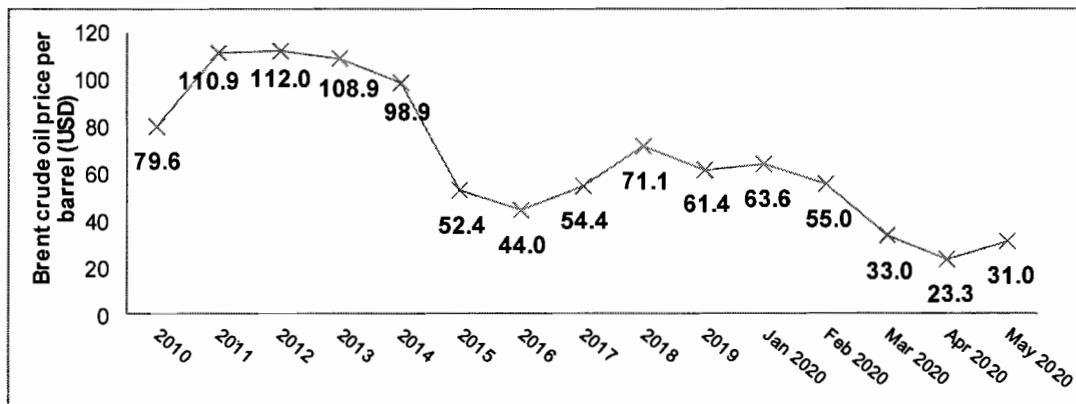
We may also encounter situations where customers delay the handover and delivery of our projects due to unforeseen circumstances such as poor market condition and shortage of funds faced by our customers. Such postponement in project timing may influence our management of workspace and resource allocation for the execution of subsequent projects and delay our revenue collection.

These situations will materially affect the performance of our business and subsequently impact our Group's financial position.

#### 9.1.2 Our business operations and financial performance are reliant on O&G industry players

Most of our customers operate in the upstream O&G sector. As such, the level of capital spending and activity in the offshore exploration, development as well as production of crude oil and gas which are influenced by the fluctuation of crude O&G price, together with the expectation of future price changes, will significantly affect the performance of our business operation and financial position.

The following graph illustrates the movement of the Brent crude oil price from 2010 to May 2020:



Source: World Bank

## **9. RISK FACTORS (Cont'd)**

In the context where the level of upstream activities diminishes due to changes in capital expenditure in the O&G industry or otherwise, this is likely to cause an adverse impact on our business prospects, operation and financial performance.

### **9.1.3 We may be affected by a fundamental change in PETRONAS' policies towards the O&G industry**

PETRONAS' current policies in Malaysia towards the O&G industry include the imposition of licensing requirements. Under these policies, only companies with valid licenses may supply goods, products and services to upstream segment of the O&G industry in Malaysia and the PETRONAS group of companies in the downstream segment. In addition, these PETRONAS policies also restrict the ability of suppliers of goods, products and services to operate in Malaysia. These restrictions can require, for instance, foreign suppliers to use Malaysian content in their operations and to operate with a Malaysian partner or company either by forming a joint venture with the Malaysian partner or company or by designating the Malaysian partner or company as an executive agent representing the said foreign entity.

Our business in Malaysia is primarily dependent on license issued by PETRONAS for our domestic operations. Currently the license held by OVE is subject to renewal for every 3 years i.e. by 29 May 2022. Any fundamental change in PETRONAS's policies, such as a relaxation or liberalisation of licensing requirements for the provision of goods, products and services related to the O&G industry or permitting foreign suppliers to operate in Malaysia without restrictions (including without local content or local partner or company) would have an adverse effect on our business and financial performance.

### **9.1.4 The occurrence of Covid-19 pandemic and other possible similar future outbreaks could impact our business, financial performance and results of operations**

Different regions in the world have from time to time experienced outbreaks of various viruses. At this time, a widespread global pandemic of the coronavirus infectious disease ("Covid-19") is taking place. As the virus and diseases it causes are relatively new, effective cure and vaccines are yet to be developed. At this time, the pandemic has resulted in state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being closed.

The ongoing Covid-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on our Group. Firstly, a spread of such diseases among our Group's employees as well as any quarantines affecting our Group's employees or our Group's premises may reduce the possibility of our Group to carry out their work and thereby affecting the Group's operations. Secondly, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on our suppliers and/or transportation companies, resulting in a deficit of materials and supplies necessary for our Group to carry out operations. Thirdly, any quarantines or spread of viruses may affect the possibility of the customers of our Group to carry out their operations (e.g. upstream and downstream O&G activities).

Pursuant to the announcement by the Government of Malaysia on the MCO effective from 18 March 2020, PETRONAS issued a statement on its position that O&G, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services as per the announcement made by the Prime Minister of Malaysia and specified under section 2 (First Schedule), Act 177, Industrial Relations Act 1967. Therefore, all operations falling within the above essential services including all support services should continue, with the respective parties' necessary working arrangements and precaution as may be appropriate, until advised otherwise by the Government. As such, our Group's operations are deemed to fall under essential services and our Group is permitted to

## 9. RISK FACTORS (*Cont'd*)

continue operations during this period. During this period, our Group has taken steps to observe strict standard operating procedures to contain Covid-19. Please refer to Section 7.13 for further details on the Covid-19 standard operating procedures that our Group has adopted.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing Covid-19 pandemic and any possible future outbreaks. While the final effects of the Covid-19 pandemic are at this stage difficult to assess, it is possible that it will have substantial negative effect on the markets in which we and our customers operate. These effects may also take place in case of any possible future outbreaks. Any negative effect on the economy may have a likewise impact the incomes of our customers, and consequently their demand for our services. Such effects may also result in the insolvency of our Group's business partners (being our customers and suppliers), which could affect the operations of our Group as well as our financial performance.

Globally, as a result of Covid-19, Brent crude oil prices have fallen by almost two-thirds to USD23.34 per barrel in April 2020 from the USD65.85 per barrel in December 2019. In May 2020, Brent crude oil prices rose slightly to USD31.02 per barrel. Transport disruptions and an economic decline have weakened demand for crude oil. While it is still early to fully assess the impact of Covid-19 on Malaysia's offshore oilfield services industry, the decline in demand for crude oil could result in lower activities, possible project deferments or cancellations and increased margin pressures across the board in all value chains within the O&G industry in the short term. There is potentially an increased risk of delay in contract awards and activities within the upstream space in 2020 as Malaysia has committed to a production cut.

### 9.1.5 We are dependent on our major customers

Our major customers comprised Transocean Group, Seadrill Group and Maersk Group. Collectively, these major customers contributed to more than 50.00% of our sales in the FYE 2016 to 2019. Our length of relationship with Transocean Group, Seadrill Group and Maersk Group is 7 years, respectively.

No.	Customers	Revenue contribution	
		RM'000	%
<b>FYE 2016</b>			
1.	Transocean Group	7,138	40.45
2	Seadrill Group	1,119	6.34
3.	Maersk Group	1,107	6.28
		<b>9,364</b>	<b>53.07</b>
<b>FYE 2017</b>			
1.	Transocean Group	6,532	27.21
2.	Seadrill Group	6,050	25.20
3.	Maersk Group	3,417	14.23
		<b>15,999</b>	<b>66.64</b>
<b>FYE 2018</b>			
1.	Transocean Group	6,550	21.48
2.	Seadrill Group	5,867	19.24
3.	Maersk Group	4,467	14.65
		<b>16,884</b>	<b>55.37</b>
<b>FYE 2019</b>			
1.	Transocean Group	4,066	6.98
2.	Seadrill Group	20,519	35.20
3.	Maersk Group	8,117	13.93
		<b>32,702</b>	<b>56.11</b>

## **9. RISK FACTORS (Cont'd)**

We expect that our major customers will continue to contribute significantly to our Group's revenue in the future. We do not have long-term contracts with our major customers.

As such, we may be materially and adversely affected if we were to lose one or more of our major customers without securing new customers to replace the loss of business, or if we were to encounter difficulties in collecting payments from these major customers.

### **9.1.6 We may face credit risk and our customers may default in payment**

We generally grant our customers credit periods of 30 to 60 days. We are thus exposed to credit risk arising from trade receivables due to unanticipated events or circumstances beyond our control, such as economic downturn.

We are also exposed to the risk of our customer's solvency status which may result in a seizure of our assets and/or equipment in the event our customers face liquidation proceedings, thereby rendering the seized asset and/or equipment unavailable for deployment to other customers and/or projects for unspecified period of time. Should this occur, our revenue and profitability will be adversely affected. The amount of trade receivables past due but not impaired (net of subsequent collections) stood at RM1.33 million representing 7.32% of the total trade receivables as at 31 December 2019.

Any significant delay or default in payment by our customers will result in impairment on trade receivables and may adversely affect our financial performance.

### **9.1.7 We are dependent on our executive Directors for continued success and the loss of their continued services may affect our business**

The continued success of our Group is dependent, to a large extent, on the efforts, skills and experience of our Managing Director, Kenny Ronald Ngalin and our Group's Executive Directors, Yau Kah Tak and Martin Philip King Ik Piau, who are the driving force behind our Group's development and growth. Please refer to Section 5.2.2 of our Prospectus for further details of their qualifications and working experience.

The loss of any of these individuals without suitable and/or timely replacements and inability to attract new qualified workforce will result in adverse effect on our Group's operations and thus the financial position. As at the LPD, we have not subscribed for any key man insurance policies.

### **9.1.8 We may be subject to warranty claims for work defects**

For projects that we participate in, we typically provide a warranty against defects for a period of three months. Nonetheless, some of our customers may require us to provide a longer defect period of up to 12 months. In the event of a defect during the warranty period, our customers may require us to replace the defective works and bear the reinstallation cost. Any substantial increase in warranty claims against our works will have an adverse impact on our business and operating results. For FYE 2016 to FYE 2019, we have not experienced any such claims.

### **9.1.9 We face competition from other industry players**

Our Group operates in a competitive environment. Some of our competitors may be equipped with better facilities, resources and technical expertise that allow them to offer a more comprehensive range of services in comparison to us. Our Group's competitors may also be more aggressive in pricing to capture or retain greater market share or may incur lower operating costs and hence be willing to take on projects with a lower profit margin.

## 9. RISK FACTORS (*Cont'd*)

In addition, some of our competitors may even possess a larger customer base, robust relationships with suppliers and/or stronger financial strength. Our inability to compete effectively will impact our Group's financial performance.

### 9.1.10 We are subject to foreign exchange fluctuation risk

We derive a portion of our sales from overseas customers that are denominated in foreign currency. The following is the breakdown of our sales based on currency denomination:

Sales transacted	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
BND	-	-	21	0.09	19	0.06	-	-
RM	13,981	79.23	19,745	82.24	29,090	95.40	47,604	81.68
SGD	-	-	38	0.16	19	0.06	-	-
USD	3,664	20.77	4,205	17.51	1,364	4.48	10,680	18.32
	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

In the event the RM appreciates against the foreign currency between time the sales were recorded and the payment received from the overseas customers, our Group may register a loss on foreign exchange and vice versa. In the FYE 2016 and FYE 2017, we recorded realised losses on foreign exchange of RM0.07 million and RM0.02 million respectively.

As we currently do not hedge foreign currency exposure in general, any significant volatility in foreign exchange rate which is unfavourable to us may negatively affect our financial performance.

## 9.2 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

### 9.2.1 No prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

### 9.2.2 Failure/delay in or termination/abortion of our Listing

Our Listing may be aborted or delayed should any of the following occurs:

- (i) The selected investors fail to subscribe for their portion of our IPO Shares;
- (ii) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.00% 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.

## **9. RISK FACTORS (Cont'd)**

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

### **9.2.3 Volatility of our Share price and volume of our Shares**

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial 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.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. Other factors that may negatively affect investor sentiment more generally include natural disasters, health epidemics and outbreaks of contagious diseases. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

## **9.3 OTHER RISKS**

### **9.3.1 Continued control by our Promoters/substantial shareholders**

Our Promoters and substantial shareholders will collectively hold 70.00% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters and substantial shareholder will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

### **9.3.2 Forward-looking/prospective statements**

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of our future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

There can be no assurance that such prospective statements or expectations or forecasts will materialise and actual results may be deviate significantly. Such deviation may have a material and adverse effect on us.

## 10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

#### 10.1.1 Related party transactions

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Promoters, Directors, substantial shareholders, key senior management and/or persons connected with them which are material to our Group during FYE 2016 to 2019 and up to LPD:

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 2016 RM'000	%	FYE 2017 RM'000	%	FYE 2018 RM'000	%	FYE 2019 RM'000	%
Tung Huat Engineering Sdn Bhd	OVE	Martin Philip King Ik Piau	Martin Philip King Ik Piau is our Promoter,	Rental paid for the property rented by OVE	(4)	n/a	(8)	n/a	(3)(2)	n/a	-	-
		Mary King Siaw Ning	substantial shareholder and Executive Director	from Tung Huat Engineering Sdn Bhd								
		Mary King Siaw Ning			Mary King Siaw Ning is our substantial shareholder							
					Both of them are shareholders of Tung Huat Engineering Sdn Bhd							

**10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Value of transactions							
				FYE 2016 RM'000	%	FYE 2017 RM'000	%	FYE 2018 RM'000	%	FYE 2019 RM'000	%
Borneo Material Handling Sdn Bhd ("BMHSB")	OVE	Kenny Ronald Ngalin	Kenny Ronald Ngalin is our Promoter, substantial shareholder and Managing Director.	-	-	(4)(95)	(4)*	-	-	-	-
		Thomas Jalong	Thomas Jalong is our key senior management.								

Thomas Jalong is our key senior management.

Thomas Jalong was a director and shareholder of BMHSB, but has resigned and disposed his shares on 3 May 2017.

Kenny Ronald Ngalin was a shareholder of BMHSB and has disposed his shares in BMHSB on 13 September 2016.

**10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Value of transactions			
				FYE 2016 RM'000	%	FYE 2017 RM'000	%
Venom Properties Sdn Bhd (formerly known as Ocean Vantage Properties Sdn Bhd)	OVE	Kenny Ronald Ngalin	Kenny Ronald Ngalin is our Promoter, substantial shareholder and Managing Director.	(66)	n/a	(96)	n/a
		Martin Philip King Ik Piau	Martin Philip King Ik Piau is our Promoter, substantial shareholder and Executive Director.				
		Yau Kah Tak	The tenancy arrangement of our current Puchong office is valid up to 31 May 2022				
		Mary King Siaw Ning	Martin Philip King Ik Piau is our Promoter, substantial shareholder and Executive Director.				
		Tan Lee Kim	Yau Kah Tak is our Promoter, substantial shareholder and Executive Director.				
			Mary King Siaw Ning is our substantial shareholder.				

**10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Value of transactions							
				Nature of transaction		FY 2016		FY 2017		FY 2018	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Tan Lee Kim is the spouse of Chang Vun Lung, our key senior management.								
Dynamic Force Marketing Sdn Bhd (formerly known as Ocean Vantage	OVE	Kenny Ronald Ngalin	Kenny Ronald Ngalin is our Promoter, substantial shareholder and Managing Director.	171	*						
		Martin Philip King Ik Piau	Manpower supply services								
			Sales of scaffolding materials	683	<sup>(1)</sup> 3.87						

**10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Value of transactions								
				FYE 2016 RM'000	%	FYE 2017 RM'000	%	FYE 2018 RM'000	%	FYE 2019 RM'000	%	1 January 2020 up to LPD
Trading Sdn Bhd ("DFMSB")	Yau Kah Tak	Martin Philip King Tk Piau is our Promoter, substantial shareholder and Executive Director.	Purchases of various materials for the supply of materials, tools and equipment	(288)	(2)2.61	(5)(28)	(5)*	-	-	-	-	-
	Mary King Siaw Ning	Yau Kah Tak is our Promoter, substantial shareholder and Executive Director.	Purchase of baskets, scaffolding, machinery, wireless spray and container	(554)	(2)5.02	-	-	-	-	-	-	
		Mary King Siaw Ning is our substantial shareholder.										
		Kenny Ronald Ngalin and Martin Philip Tk Piau were directors and shareholders of DFMSB but have resigned and disposed their										

## 10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)

Related parties	Transacting company within our Group	Interested person(s)	Nature of relationship	Value of transactions						
				FYE 2016 RM'000	%	FYE 2017 RM'000	%	FYE 2018 RM'000	%	FYE 2019 RM'000
	Mary King Siaw Ning and Yau Kah Tak was a shareholder of DFMSB and has disposed theirs shares in DFMSB on 2 January 2017.	shares on 2 January 2017.								

### Notes:

- n/a Not applicable
- \* Less than 1% of our revenue/ cost of sales for the respective financial year
- (1) Calculated based on our Group's revenue for each of the respective financial years.
- (2) Calculated based on our Group's cost of sales for each of the respective financial years.
- (3) Subsequent to FYE 2018, the rental arrangement has ceased.
- (4) Borneo Material Handling Sdn Bhd ceased to be a related party on 3 May 2017.
- (5) Dynamic Force Marketing Sdn Bhd (formerly known as Ocean Vantage Trading Sdn Bhd) ceased to be a related party on 2 January 2017.

## **10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

Our Directors are of the view that the above related party transactions were conducted on an arm's length basis and were carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our non-interested shareholders.

Moving forward, we have established the following procedures for all related party transactions to ensure the transactions (if any) are undertaken on arm's length basis and on normal commercial terms not more favourable to the related parties than those generally available to the public:

- (i) We will procure for at least 2 other quotations from third parties for identical products and/or services as comparison, wherever possible, to determine whether the price and terms offered for any products and/or services by the related parties are fair, reasonable and similar to those offered by third parties; or
- (ii) If quotation from third parties for the identical products and/or services cannot be obtained, the transaction price will be determined by our Group based on terms offered by third parties for substantially similar type of products and/or services to ensure that the related party transactions are fair and reasonable.

To mitigate any potential conflict of interest, our Board shall seek the approval from our non-interested shareholders for a mandate to enter into such transactions at the general meeting of our Company.

In the event there are any proposed related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with 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 transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit 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 regard to any related party transaction entered into by us.

### **10.2 OTHER TRANSACTIONS**

#### **10.2.1 Transactions entered into that 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 to for the past FYE 2016 to 2019.

**10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)****10.2.2 Outstanding loans (including guarantees of any kind)****(i) Outstanding loans and/or balances**

The following is our related party balances as at 31 December 2016 to 2019 and LPD:

	<b>As at 31 December</b>				<b>As at LPD</b> <b>RM'000</b>
	<b>2016</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>	
<b>Amount due from related parties</b>					
Borneo Material Handling Sdn Bhd <sup>(1)</sup>	62	131	191	-	-
Dynamic Force Marketing Sdn Bhd <sup>(2)</sup> <i>(formerly known as Ocean Vantage Trading Sdn Bhd)</i>	750	-	-	-	-
<b>Amount due by Director</b>					
Kenny Ronald Ngalin <sup>(3)</sup>	-	327	129	-	-
<b>Amount due to Director</b>					
Kenny Ronald Ngalin <sup>(4)</sup>	324	-	-	-	-

**Notes:**

- (1) Borneo Material Handling Sdn Bhd ceased to be a related party on 3 May 2017. These amounts due are related to advances given to Borneo Material Handling Sdn Bhd to fund its working capital. On 23 May 2019, Borneo Material Handling Sdn Bhd has fully settled the amount due to our Group.
- (2) Dynamic Force Marketing Sdn Bhd *(formerly known as Ocean Vantage Trading Sdn Bhd)* ceased to be a related party on 2 January 2017. These amounts due are trade balances.
- (3) This amount represents the advance to director for business related expenses.
- (4) This amount is an advance from the director to OVE for its working capital.

**(ii) Guarantees**

As at LPD, our Promoters had extended personal guarantees for banking facilities to our Group. In conjunction with the Listing, the respective banks had agreed to discharge the said personal guarantees upon the completion of the Listing.

Save as disclosed above, there were no outstanding loans (including guarantees of any kind) made by us to or for the benefit of a related party in respect of FYE 2016 to 2019.

These non-trade related party balances under item (i) and (ii) above are denominated in RM and were not made on an arm's length basis as it does not carry any interest.

Moving forward, our Group will not provide any non-trade related advances to our Directors and Borneo Material Handling Sdn Bhd.

## **10. RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS (Cont'd)**

### **10.2.3 Promotions of any material assets acquired/to be acquired within 3 years preceding the date of this Prospectus**

Save for the rental paid to the related party, Venom Properties Sdn Bhd (*formerly known as Ocean Vantage Properties Sdn Bhd*), as disclosed in Section 10.1.1, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2016 to 2019, acquired or proposed to be acquired, disposed or proposed to be disposed or leased or proposed to be leased to/by us.

### **10.2.4 Transactions entered into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (i) Agreement dated 5 April 2018 between OVE and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent and Sponsor for our Listing; and
- (ii) Underwriting Agreement dated 20 May 2020 entered into between our Company and M&A Securities for the underwriting of 24,660,000 Issue Shares.

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## **11. CONFLICT OF INTEREST**

### **11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS**

None of our other Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group, or are customers and/or suppliers of our Group as at LPD.

It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties. Moving forward, in order to mitigate any possible conflict of interest situation, our Directors will declare to our Nominating Committee and our Board their interests in other companies on 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 give rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nomination Committee shall inform our Audit Committee of such involvement. Where a determination has been made that there is an actual or potential conflict of interest of a Director, our Nominating Committee will:

- (i) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit Committee;
- (ii) Make recommendations to our Board to direct the conflicted Director to:
  - (a) 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
  - (b) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (ii) above, the conflicted Director shall be absent 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 Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

In circumstances where a Director has a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

### **11.2 DECLARATIONS OF CONFLICT OF INTEREST 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 Adviser, Sponsor, Underwriter and Placement Agent for our Listing.
- (ii) Messrs Teh & Lee 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 Solicitors for our Listing.

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**11. CONFLICT OF INTEREST (Cont'd)**

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- (iii) Messrs Baker Tilly Monteiro Heng 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.
- (iv) PROVIDENCE 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 IMR for our Listing.

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## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated on 10 October 2018 to facilitate the Listing. Our historical financial information throughout the FYE 2016 to 2019 has been prepared in accordance with MFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows.

We completed the Acquisitions on 12 February 2020. OVE and OVIT are assumed to be under common control with our Group since their incorporation and prior to the Acquisitions. As such, the historical financial information of our Group for FYE 2016 to 2019 is presented based on combined audited financial statements of OVH Group.

#### 12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income of our Group for FYE 2016 to 2019 which have been extracted from the Accountants' Report. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>			
	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
Revenue	17,645	24,009	30,492	58,284
Cost of sales	(11,034)	(14,301)	(18,880)	(43,495)
<b>GP</b>	<b>6,611</b>	<b>9,708</b>	<b>11,612</b>	<b>14,789</b>
Other income	88	120	129	377
Administrative expenses	(2,984)	(5,194)	(4,656)	(5,915)
<b>Operating profit</b>	<b>3,715</b>	<b>4,634</b>	<b>7,085</b>	<b>9,251</b>
Finance costs	(100)	(89)	(75)	(103)
<b>PBT</b>	<b>3,615</b>	<b>4,545</b>	<b>7,010</b>	<b>9,148</b>
Income tax expense	(905)	(1,525)	(1,837)	(2,231)
<b>PAT</b>	<b>2,710</b>	<b>3,020</b>	<b>5,173</b>	<b>6,917</b>
 <b>Other comprehensive loss, net of tax</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Fair value loss of available-for-sale financial assets	(12)	(27)	-	-
Other comprehensive loss for the financial year	(12)	(27)	-	-
<b>Total comprehensive income for the financial year</b>	<b>2,698</b>	<b>2,993</b>	<b>5,173</b>	<b>6,917</b>
EBIT <sup>(1)</sup>	3,715	4,611	7,078	9,239
EBITDA <sup>(1)</sup>	4,137	5,012	7,503	10,051
GP margin (%) <sup>(2)</sup>	37.47%	40.43%	38.08%	25.37%
PBT margin (%) <sup>(3)</sup>	20.49%	18.93%	22.99%	15.70%
PAT margin (%) <sup>(3)</sup>	15.36%	12.58%	16.97%	11.87%
Basic EPS (sen) <sup>(4)</sup>	0.82	0.92	1.57	2.10
Diluted EPS (sen) <sup>(5)</sup>	0.66	0.73	1.26	1.68

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

(1) EBIT and EBITDA are calculated as follows:

	<b>Audited</b>			
	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
PAT	2,710	3,020	5,173	6,917
Less:				
Interest income	*	(23)	(7)	(12)
Add:				
Finance costs	100	89	75	103
Taxation	905	1,525	1,837	2,231
<b>EBIT</b>	<b>3,715</b>	<b>4,611</b>	<b>7,078</b>	<b>9,239</b>
Add:				
Depreciation and amortisation	422	401	425	812
<b>EBITDA</b>	<b>4,137</b>	<b>5,012</b>	<b>7,503</b>	<b>10,051</b>

**Note:**

\* Less than RM1,000

(2) Calculated based on GP divided by revenue

(3) PBT margin and PAT margin are calculated based on the respective PBT and PAT for the financial year divided by revenue

(4) Calculated based on PAT for the financial year divided by our enlarged number of Shares in issue before IPO

(5) Calculated based on PAT for the financial year divided by our enlarged number of Shares in issue after IPO

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.1.2 Historical combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2016, 2017, 2018 and 2019 which have been extracted from the Accountants' Report. The Group has adopted MFRS 16 Leases in the FYE 2019. Right-of-use assets and lease liabilities are recognised in the combined statements of financial position as at 31 December 2019 upon adoption of MFRS 16. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

<b>Audited</b>				
<b>As at 31 December</b>				
	<b>2016</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,504	4,126	4,416	7,536
Other investment	645	-	-	-
<b>Total non-current assets</b>	<b>5,149</b>	<b>4,126</b>	<b>4,416</b>	<b>7,536</b>
<b>Current assets</b>				
Trade and other receivables	52,297	11,707	15,726	18,941
Current tax assets	5	6	12	6
Cash and bank balances	526	2,647	1,192	2,314
<b>Total current assets</b>	<b>52,828</b>	<b>14,360</b>	<b>16,930</b>	<b>21,261</b>
<b>TOTAL ASSETS</b>	<b>57,977</b>	<b>18,486</b>	<b>21,346</b>	<b>28,797</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Group</b>				
Invested equity	1,600	1,600	1,600	1,600
Reserves	590	2,336	2,336	2,336
Retained earnings	6,103	9,123	12,496	17,906
<b>TOTAL EQUITY</b>	<b>8,293</b>	<b>13,059</b>	<b>16,432</b>	<b>21,842</b>
<b>Non-current liabilities</b>				
Loans and borrowings	1,583	1,469	1,435	1,448
Lease liabilities	-	-	-	179
Deferred tax liabilities	117	49	166	424
<b>Total non-current liabilities</b>	<b>1,700</b>	<b>1,518</b>	<b>1,601</b>	<b>2,051</b>
<b>Current liabilities</b>				
Loans and borrowings	481	376	41	103
Lease liabilities	-	-	-	142
Current tax liabilities	821	1,224	749	449
Trade and other payables	46,682	2,309	2,523	4,210
<b>Total current liabilities</b>	<b>47,984</b>	<b>3,909</b>	<b>3,313</b>	<b>4,904</b>
<b>TOTAL LIABILITIES</b>	<b>49,684</b>	<b>5,427</b>	<b>4,914</b>	<b>6,955</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57,977</b>	<b>18,486</b>	<b>21,346</b>	<b>28,797</b>

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.1.3 Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2016 to 2019 which have been extracted from the Accountants' Report. It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

	<b>Audited</b>			
	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
<b>Cashflow from operating activities</b>				
PBT	3,615	4,545	7,010	9,148
Adjustments for:				
Depreciation of property, plant and equipment	422	401	425	812
Loss on disposal property, plant and equipment	-	8	-	-
Gain on disposal of available-for-sale investment	(8)	(68)	-	-
Finance costs	100	89	75	103
Interest income	(*)	(23)	(7)	(12)
Investment income	(12)	-	-	-
Net unrealised (gain)/loss on foreign exchange	(66)	249	(43)	(165)
Share-based payment	-	1,773	-	-
Operating profit before changes in working capital	<b>4,051</b>	<b>6,974</b>	<b>7,460</b>	<b>9,886</b>
Changes in working capital:				
Trade and other receivables	(31,631)	40,251	(4,223)	(3,189)
Trade and other payables	29,687	(44,056)	213	1,687
Net cash generated from operations	<b>2,107</b>	<b>3,169</b>	<b>3,450</b>	<b>8,384</b>
Income tax refunded	-	-	-	12
Income tax paid	(741)	(1,190)	(2,202)	(2,279)
Interest received	*	23	7	12
<b>Net cash from operating activities</b>	<b>1,366</b>	<b>2,002</b>	<b>1,255</b>	<b>6,129</b>
<b>Cash flows from investing activities</b>				
Investment income	12	-	-	-
Purchase of property, plant and equipment	(1,062)	(34)	(714)	(3,305)
Proceeds from disposal of property, plant and equipment	-	3	-	-
Proceeds from disposal of other investment	219	670	-	-
Common control established	-	-	-	(6)
<b>Net cash (used in)/from investing activities</b>	<b>(831)</b>	<b>639</b>	<b>(714)</b>	<b>(3,311)</b>
<b>Cash flows from financing activities</b>				
Drawdown of bankers' acceptance	316	-	-	-
Dividend paid	-	-	(1,800)	(1,500)

**12. FINANCIAL INFORMATION (Cont'd)**

	<b>Audited</b>			
	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
Interest paid	(100)	(89)	(75)	(103)
Repayment of term loan	(29)	(32)	(30)	(34)
Repayment of finance lease liabilities	(165)	(130)	(80)	(15)
Repayment of bankers' acceptance	-	(57)	(259)	-
Repayment of lease liabilities	-	-	-	(183)
Net changes in amount owing by/to a director	(228)	(651)	199	129
Net changes in amount owing by/to related parties	(696)	439	-	4
<b>Net cash used in financing activities</b>	<b>(902)</b>	<b>(520)</b>	<b>(2,045)</b>	<b>(1,702)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(367)</b>	<b>2,121</b>	<b>(1,504)</b>	<b>1,116</b>
Effect of exchange rate changes	(100)	*	49	6
Cash and cash equivalents at the beginning of the financial years	993	526	2,647	1,192
<b>Cash and cash equivalents at the end of the financial years</b>	<b>526</b>	<b>2,647</b>	<b>1,192</b>	<b>2,314</b>

**Note:**

\* Less than RM1,000

**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and segmental analysis of our combined financial information for FYE 2016 to 2019 should be read in conjunction with the Accountants' Report included in Section 13.

**12.2.1 Overview of our operations****(i) Principal activities**

Our Group is principally involved in the provision of support services for the O&G industry, where our main business activities comprise:

- (a) EPC and project management;
- (b) supply of manpower;
- (c) supply of materials, tools and equipment; and
- (d) provision of drilling rig charter services.

Please refer to Section 7 of our Group's detailed business overview.

## **12. FINANCIAL INFORMATION (Cont'd)**

### **(ii) Revenue**

Revenue from EPC and project management, supply of manpower and supply of materials, tools and equipment are recognised upon performance of services.

Revenue derived from provision of drilling rig charter services was solely in relation to our partnership with Noble and our Group acts as an agent to charter drill ships, semi submersibles etc. owned by Noble, to Malaysian based O&G customers.

Our Group earns a commission income calculated based on a pre-agreed percentage of fees charged for drilling rig charter services by Noble (through OVE) to these O&G companies. However, our Group is only entitled for commission if the drilling rigs are chartered for use in Malaysian water. Noble may charge for other services (including drilling rig charter services outside of Malaysian waters, additional crew members, logistic services and accommodation expenses) to these O&G customers through OVE, where we are not entitled for any commission income.

Contractually, OVE will bill these O&G companies for the above fees and Noble (or its affiliate, Noble Contracting Offshore Drilling (M) Sdn Bhd) will bill OVE for such services provided under the Noble Arrangement. As such, we recognise the amount receivable (from our customers under the Noble Arrangement) and amount payable to Noble Contracting Offshore Drilling (M) Sdn Bhd as the said amounts are contractual obligations between our customers with our Group, and our Group with Noble Contracting Offshore Drilling (M) Sdn Bhd. Our Group will only make payment to Noble Contracting Offshore Drilling (M) Sdn Bhd after we received payments from the O&G customers, as this is a pass-through arrangement.

### **(iii) Cost of sales**

The cost of sales comprise the invoiced price of the materials, plus the directly attributable costs to the production of our goods or supply of services such as subcontractor fees and overheads. Overheads include depreciation, rental of machineries, yard and site expenses, training, travelling expenses and staff costs.

### **(iv) Other income**

Other income includes mainly interest income, investment income and net realised /unrealised gain on foreign exchange.

### **(v) Administration expenses**

Administration expenses are not directly attributable to the production of goods and services which include overheads incurred to maintain our operations such as administrative staff costs, directors' remuneration, depreciation, travelling and accommodation, legal and professional fee as well as upkeep and maintenance.

### **(vi) Finance costs**

Finance costs comprise interest expense on our borrowings and lease liabilities.

### **(vii) Recent developments**

Save for the Acquisitions and the recent outbreak of the Covid-19, there were no other significant events subsequent to our Group's audited combined financial statements for FYE 2019.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.2 Review of our results of operations****(i) Revenue**

Our customers typically include international drilling contractors, oilfield service companies, and international and national oil companies. We have delivered our services for customers operating in over 15 countries in the regions of Asia Pacific, Middle East, Africa, Europe and the Americas.

Our sales are mainly derived locally and denominated in RM, while our sales derived from overseas are denominated in USD, SGD and BND.

Our revenue from the local market based on geographical segment contributed approximately 70.92% to 87.16% of our total revenue while our overseas market ranged from 12.84% to 29.08% of our total revenue for FYE 2016 to 2019.

<b>Business activity</b>	<b>FYE 2016</b>		<b>FYE 2017</b>		<b>FYE 2018</b>		<b>FYE 2019</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
EPC and project management	10,370	58.77	7,901	32.90	12,264	40.22	12,397	21.27
Supply of manpower	3,268	18.52	11,875	49.46	14,592	47.86	41,040	70.41
Supply of materials, tools and equipment	3,447	19.54	3,569	14.87	3,636	11.92	4,847	8.32
Provision of drilling rig charter services	560	3.17	664	2.77	-	-	-	-
	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

**Revenue by geographical location**

<b>Geographical location<sup>(1)</sup></b>	<b>FYE 2016</b>		<b>FYE 2017</b>		<b>FYE 2018</b>		<b>FYE 2019</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	15,156	85.89	17,028	70.92	23,682	77.67	50,798	87.16
Asia Pacific <sup>(2)</sup>	2,101	11.91	5,717	23.81	4,970	16.30	6,068	10.41
Americas <sup>(3)</sup>	336	1.91	732	3.05	327	1.07	708	1.21
Others <sup>(4)</sup>	52	0.29	532	2.22	1,513	4.96	710	1.22
	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

**Notes:**

- (1) For the purposes of geographical segmentation, revenue is classified according to the locations where our products or services are rendered or utilised
- (2) Asia Pacific comprises Brunei Darussalam, Japan, Singapore, Thailand, Myanmar, Hong Kong, India, Timor-Leste and Australia but excludes Malaysia
- (3) Americas comprises United States of America, Mexico, Colombia, Aruba, Uruguay, Cayman Islands, Trinidad and Tobago
- (4) Others comprises Saudi Arabia, Spain, Ghana, Mauritius, Equatorial Guinea, Namibia, Norway, Qatar and United Kingdom

## 12. FINANCIAL INFORMATION (*Cont'd*)

### **Comparison between FYE 2016 and FYE 2017**

Our Group's total revenue increased by RM6.36 million or 36.07% from RM17.65 million to RM24.01 million. This was due to an increase from supply of manpower segment by RM8.61 million from RM3.27 million in FYE 2016 to RM11.88 million in FYE 2017. Supply of manpower representing approximately 49.46% of our Group's total revenue in FYE 2017.

Revenue from supply of manpower increased by RM8.61 million, mainly attributable to the increasing demand for outsourced manpower supply by our customers. Our revenue for the supply of manpower from Seadrill Group increased from RM0.73 million in FYE 2016 to RM5.06 million in FYE 2017. During the same period, our revenue for the supply of manpower from Maersk Group increased from RM0.76 million to RM3.24 million. The increase in revenue contribution from supply of manpower is mainly due to the reactivation of more rigs during FYE 2017 and the number of contracts that were secured by the drilling contractors (our customers) as the crude oil price began stabilising.

The increase in revenue was partially offset by a decrease in revenue contribution from EPC and project management segment of RM2.47 million or 23.81% from RM10.37 million in FYE 2016 to RM7.90 million in FYE 2017.

Decrease in demand for our EPC and project management services resulted in revenue from the EPC and project management reducing by approximately RM2.47 million or 23.81% compared to FYE 2016 as we secured fewer projects from our existing customers in FYE 2017 as compared to FYE 2016. During FYE 2017, more rigs were being reactivated and the EPC and project management spending by our existing customers were limited to critical activities such as rig repair and maintenance works such as NDT inspections and blasting and painting works. This is as during reactivation period, our customers focused more activities that would return the rig to a "ready" state, this also included on staffing of crews on the rig with the necessary crew positions. In FYE 2017, we were able to provide a more comprehensive range of crew positions to reactivate these rigs comprising drilling crew, marine crew and maintenance crew under the manpower supply segment.

Revenue for supply of materials, tools and equipment increased by RM0.12 million due to higher demand for tools and equipment, particularly as Transocean Group increased their purchase of tools and equipment by approximately RM1.30 million.

The commission income under the Noble Arrangement for the provision of drilling rig charter services (i.e. our commission income under the Noble Arrangement) increased by RM0.10 million as we provided more drilling rig charter services in FYE 2017 as compared to FYE 2016.

### **Comparison between FYE 2017 and FYE 2018**

Our Group's total revenue increased by RM6.48 million or 27.00% from RM24.01 million in FYE 2017 to RM30.49 million in FYE 2018. This was mainly due to:

- (i) an increase from EPC and project management by RM4.36 million or 55.22% from RM7.90 million in FYE 2017 to RM12.26 million in FYE 2018, representing approximately 40.22% of our Group's total revenue in FYE 2018; and

## **12. FINANCIAL INFORMATION (Cont'd)**

(ii) an increase from supply of manpower segment by RM2.72 million or 22.88% from RM11.88 million in FYE 2017 to RM14.59 million in FYE 2018, representing approximately 47.86% of our Group's total revenue in FYE 2018.

However, in FYE 2018, we did not secure any new project the provision of drilling rig charter service.

Revenue from supply of manpower increased by RM2.72 million as we secured purchase order from our new customer, Belati Oilfield Sdn Bhd for RM2.13 million. The increase was also contributed by our major customers (Transocean Group, Seadrill Group and Maersk Group) of RM0.19 million in total and other existing customers of RM0.40 million.

Revenue from the EPC and project management registered an increase of approximately RM4.36 million or 55.22% compared to FYE 2017 as our customers increased their spending on our services. Sales demand from the EPC and project management increased mainly from our major customers. Transocean Group increased their orders by RM1.05 million or 25.20%, to RM5.23 million; Seadrill Group increased their orders by RM0.15 million or 24.09%, to RM0.75 million; and Maersk Group increased their orders by RM0.07 million or 96.05%, to RM0.15 million as compared to FYE 2017. This was due to our major customers securing more drilling contracts from PETRONAS and international oil companies. The increase in sales from this segment is correlated with the activation of drilling rigs by drilling contractors. In May 2018, we secured our first downstream O&G project from ASEAN Bintulu Fertilizer Sdn Bhd for the provision of plant change project work in Bintulu, Sarawak for RM0.86 million and completed the project in November 2018.

During the FYE 2018, the demand for supply of materials, tools and equipment registered slight increased by RM0.07 million arising from relatively stable demand from the customers.

### **Comparison between FYE 2018 and FYE 2019**

Our Group's total revenue increased by RM27.79 million or 91.15% from RM30.49 million in FYE 2018 to RM58.28 million in FYE 2019. This was mainly due to an increase from supply of manpower segment by RM26.45 million or 181.25% from RM14.59 million in FYE 2018 to RM41.04 million in FYE 2019, representing approximately 70.41% of our Group's total revenue in FYE 2019.

Revenue from supply of manpower increased by RM26.45 million mainly due to increase in revenue contributed by our major customers (Seadrill Group and Maersk Group) of RM14.50 million collectively, and new customers, namely Petrovietnam Drilling and Well Services Corporation, Deep Drilling4 Pte Ltd and Aban 8 Pte Ltd, of RM4.13 million, RM2.40 million and RM2.19 million, respectively. The increase in sales demand from our major customers are as follows:

- (i) Seadrill Group increased their manpower orders by RM12.92 million or 288.22%, to RM17.40 million; and
- (ii) Maersk Group increased their manpower orders by RM1.58 million or 39.24%, to RM5.60 million.

## 12. FINANCIAL INFORMATION (Cont'd)

The year 2019 saw a revival of exploration activities and activation of drilling rigs that had previously been deferred, and that had benefitted our major customers who were able to secure more drilling contracts from PETRONAS and international oil companies.

Revenue from the EPC and project management segment registered a slight increase of approximately RM0.13 million or 1.08% compared to FYE 2018 as we secured more projects.

During the FYE 2019, the demand for supply of materials, tools and equipment registered an increase of approximately RM1.21 million or 33.31% compared to FYE 2018 due to two new customers, namely Velesto Drilling Sdn Bhd and Borr Drilling Malaysia Sdn Bhd, of approximately RM0.95 million and RM0.48 million respectively.

### (ii) Cost of sales, GP and GP margin

#### Analysis of cost of sales by activities

Administrative costs incurred on the commission earned under the Provision of drilling rig charter services segment are negligible and therefore not included in this analysis.

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>EPC and project management</b>								
• Materials	652	5.91	814	5.69	507	2.69	2,550	5.86
• Subcontractors' fee	4,138	37.50	3,370	23.56	4,161	22.04	4,244	9.76
• Overheads	2,207	20.00	1,984	13.87	3,149	16.67	1,781	4.10
	6,997	63.41	6,168	43.12	7,817	41.40	8,575	19.72
<b>Supply of manpower</b>								
• Materials	-	-	-	-	-	-	666	1.53
• Subcontractors' fee	1,393	12.62	5,072	35.47	7,783	41.22	23,532	54.10
• Overheads	93	0.85	642	4.49	821	4.35	7,422	17.06
	1,486	13.47	5,714	39.96	8,604	45.57	31,620	72.69
<b>Supply of materials, tools and equipment</b>								
• Materials	2,293	20.78	2,196	15.36	2,286	12.11	3,160	7.27
• Subcontractors' fee	-	-	-	-	-	-	-	-
• Overheads	258	2.34	223	1.56	173	0.92	140	0.32
	2,551	23.12	2,419	16.92	2,459	13.03	3,300	7.59
	<b>11,034</b>	<b>100.00</b>	<b>14,301</b>	<b>100.00</b>	<b>18,880</b>	<b>100.00</b>	<b>43,495</b>	<b>100.00</b>
<b>Total cost of sales</b>								
	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
• Materials	2,945	26.69	3,010	21.05	2,793	14.79	6,376	14.66
• Subcontractors' fee	5,531	50.13	8,442	59.03	11,944	63.26	27,776	63.86
• Overheads	2,558	23.18	2,849	19.92	4,143	21.95	9,343	21.48
	<b>11,034</b>	<b>100.00</b>	<b>14,301</b>	<b>100.00</b>	<b>18,880</b>	<b>100.00</b>	<b>43,495</b>	<b>100.00</b>

## 12. FINANCIAL INFORMATION (Cont'd)

Cost of sales consists of 3 major components, namely materials, subcontractors' fees and overheads. Materials include purchase cost of materials, equipment and spare parts. Subcontractors' fees comprise amounts paid to for contractual workers' salaries and third-party subcontractors. Overheads include logistics, depreciation, rental of machineries, yard and site expenses, training, travelling expenses and staff costs.

### Analysis of GP and GP margin by business activities

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPC and project management	3,373	32.53	1,733	21.93	4,447	36.26	3,822	30.83
Supply of manpower	1,782	54.53	6,161	51.88	5,988	41.04	9,420	22.95
Supply of materials, tools and equipment	896	25.99	1,150	32.22	1,177	32.37	1,547	31.92
Provision of drilling rig charter services	*560	100.00	*664	100.00	-	-	-	-
	<b>6,611</b>	<b>37.47</b>	<b>9,708</b>	<b>40.43</b>	<b>11,612</b>	<b>38.08</b>	<b>14,789</b>	<b>25.37</b>

#### **Note:**

- \* This represents the net commission earned by our Group pursuant to the Noble Arrangement.

In FYE 2019, we recorded revenue of RM58.28 million, where our GP was RM14.78 million and GP margin was 25.37%. Despite the reduction in GP margin for FYE 2019, OVH Group is able to maintain a healthy GP margin relative to industry players as:

- OVH has access to a wide database of drilling, marine and maintenance crew as well as onshore crew for O&G projects that allows it to fulfil customers' staffing needs in a timely manner. As at the LPD, OVH Group has more than 850 candidates in its database;
- OVH's database of crew are primarily Malaysian nationals, thereby allowing OVH Group to save on expenditure such as visa expenses that other industry players may incur for the recruitment of foreign nationals; and
- OVH is able to procure materials, tools and equipment for its business at competitive rates as it pays suppliers in a timely manner and within the suppliers' stipulated credit period.

### Comparison between FYE 2016 and FYE 2017

Our Group's total cost of sales increased by RM3.27 million or 29.61% from RM11.03 million in FYE 2016 to RM14.30 million in FYE 2017, which was in line with the growth in our revenue. The increase in total cost of sales was mainly attributed by the subcontractors' fee in supply of manpower segment, increased by RM3.68 million from RM1.39 million in FYE 2016 to RM5.07 million in FYE 2017.

Subcontractors' fee is the main contributor for the total cost of sale, which accounted for 50.13% and 59.03% for the total cost of sales in FYE 2016 and FYE 2017 respectively.

## **12. FINANCIAL INFORMATION (Cont'd)**

The overall percentage increase in revenue was higher than the percentage increase in cost of sales which resulted in our Group's overall GP margin increasing from 37.47% in FYE 2016 to 40.43% in FYE 2017. The overall improved GP margin was mainly due to increased GP contribution from the supply of manpower, which has a higher margin compared to the other segments, of 26.96% of total GP in FYE 2016 to 63.46% of total GP in FYE 2017.

Our GP margin from EPC and project management decreased from 32.53% to 21.93% as our cost of sales did not reduce in tandem with the lower revenue in FYE 2017. We continued to incur expenses such as staff costs and depreciation that are fixed in nature.

Our GP margin from supply of manpower also decreased from 54.53% in FYE 2016 to 51.88% in FYE 2017 due to higher training and travelling expenses. During FYE 2017, we deployed more crews and contractual workers to fulfil Seadrill and Maersk purchase orders. As a result of hiring more new crews and contractual workers to fulfil these purchase orders, we incurred higher initial expenses (i.e. training cost, travelling expenses, work permits and medical examination cost as well as personal protective equipment) for these newly recruited crews and contractual workers that required mandatory and/or additional specialised training for the tasks.

During the FYE 2017, the GP margin for the supply of materials, tools and equipment increased from 25.99% to 32.22% as we supplied more higher margin materials, tools and equipment such as blasting and painting supplies, steel profiles and plates and personal protective equipment, welding gases and related consumables.

Our GP margin from the provision of drilling rig charter services in FYE 2017 remained consistent at 100.00% as the administrative costs incurred on the commission income from Noble Contracting Offshore Drilling (M) Sdn Bhd were negligible.

### **Comparison between FYE 2017 and FYE 2018**

Our Group's total cost of sales increased by RM4.58 million or 32.02% from RM14.30 million in FYE 2017 to RM18.88 million, in tandem with the increase in our revenue. The increase in total cost of sales was mainly attributed by:

- (i) the subcontractors' fee in supply of manpower which increased by RM2.71 million or 53.45% from RM5.07 million in FYE 2017 to RM7.78 million in FYE 2018; and
- (ii) the overheads in EPC and project management which increased by RM1.17 million or 58.72% from RM1.98 million in FYE 2017 to RM3.15 million in FYE 2018.

This increase of total cost of sales was partially offset by a decrease in the purchase of materials for EPC and project management by RM0.30 million or 37.71% from RM0.81 million in FYE 2017 to RM0.51 million in FYE 2018.

During FYE 2018, subcontractors' fee was the major component of our cost of sales which contributed 63.26% of our Group's total cost of sales. Our overall GP margin decrease from 40.43% in FYE 2017 to 38.08% in FYE 2018 was mainly due to the decrease in GP margin for supply of manpower (51.88% in FYE 2017 to 41.04% in FYE 2018). This was a result of certain out-of-pocket expenses incurred fulfilling a purchase order from Belati Oilfield Sdn Bhd. The out-of-pocket expenses that we incurred were mobilisation cost comprising training and travelling as well as some

## 12. FINANCIAL INFORMATION (*Cont'd*)

additional cost associated with unplanned crew change request. During FYE 2018, we also incurred higher travelling expenses as we deployed our crews and contractual workers to USA and Spain, where our customer's rigs were operating.

However, this was offset by the GP margin for EPC and project management which increased from 21.93% in FYE 2017 to 36.26% in FYE 2018. This higher GP margin was due to higher revenue. However, our cost of sales did not increase correspondingly with revenue as expenses such as staff cost and depreciation are fixed in nature. In addition, we secured project from Transocean for the provision of NDT and rope access services which contributed to a higher gross margin of 46.05% in FYE 2018.

GP margin for supply of materials, tools and equipment remains relatively constant, recording a slight increase in 32.22% in FYE 2017 to 32.37% in FYE 2018.

### **Comparison between FYE 2018 and FYE 2019**

Our Group's total cost of sales increased by RM24.62 million or 130.38% from RM18.88 million in FYE 2018 to RM43.50 million in FYE 2019, in tandem with the increase in our revenue. The increase in total cost of sales was mainly attributed to:

- (i) the subcontractors' fee in supply of manpower which increased by RM15.75 million or 202.35% from RM7.78 million in FYE 2018 to RM23.53 million in FYE 2019;
- (ii) the overheads in supply of manpower which increased by RM6.60 million or 804.02% from RM0.82 million in FYE 2018 to RM7.42 million in FYE 2019; and
- (iii) the purchase of materials in EPC and project management which increased by RM2.04 million or 402.96% from RM0.51 million in FYE 2018 to RM2.55 million in FYE 2019.

This increase of total cost of sales was partially offset by a decrease in the overheads for EPC and project management by RM1.37 million or 43.44% from RM3.15 million in FYE 2018 to RM1.78 million in FYE 2019.

During FYE 2019, the subcontractors' fee was the major component of our cost of sales which contributed 63.86% of our Group's total cost of sales. Our overall GP margin decrease from 38.08% in FYE 2018 to 25.37% in FYE 2019 mainly due to the decrease in the GP margin for supply of manpower (from 41.04% in FYE 2018 to 22.95% in FYE 2019) as we provided more competitive pricing to secure additional contracts from new customers. Our revenue for supply of manpower grew by 181.25%. Other factors that also affect the lower GP margin are as follows:

- (i) deployment of a higher number of newly recruited crews and contractual workers to fulfil purchase orders from existing and new customers. As a result, we incurred higher initial expenses such as training course, work permit, medical fee and purchase of protective equipment for the newly recruited crews and contractual workers;
- (ii) certain out-of-pocket expenses such as crew permit, crew training, medical cost, travelling and accommodation costs incurred for fulfilling purchase orders from Belati Oilfield Sdn Bhd and Petrovietnam Drilling and Well Services Corporation had to be borne by the Company;

## 12. FINANCIAL INFORMATION (Cont'd)

- (iii) higher travelling and accommodation costs incurred for unplanned crew change request made by customers in FYE 2019;
- (iv) certain subcontractors charge rate had been revised upwards due to their improved performance and increased experience level, as well as our Group's effort to remain competitive and retain the services of experience crew. We were not able to fully charge out this increase to our customers.

The GP margin for EPC and project management segment decreased from 36.26% in FYE 2018 to 30.83% in FYE 2019, due to higher depreciation for additional machinery and equipment acquired during the year. In addition, we secured a project from Serba Dinamik Sdn Bhd for civil works in relation to the upgrading project for Bintulu Integrated Facility (gas sales facilities) worth RM1.21 million which had relatively lower margin, as we provided a competitive quote to expand our business into the downstream segments.

GP margin for supply of materials, tools and equipment remained relatively sizeable, recording a slight decrease from 32.37% in FYE 2018 to 31.92% in FYE 2019.

### (iii) Other income

	Audited							
	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income <sup>(1)</sup>	*	-	23	19.16	7	5.43	12	3.18
Net realised foreign exchange gain	-	-	-	-	68	52.71	149	39.52
Net unrealised foreign exchange gain	66	75.00	-	-	43	33.33	165	43.77
Gain on disposal of available-for-sale investments <sup>(2)</sup>	8	9.09	68	56.67	-	-	-	-
Investment income <sup>(3)</sup>	12	13.64	-	-	-	-	-	-
Miscellaneous <sup>(4)</sup>	2	2.27	29	24.17	11	8.53	51	13.53
	<b>88</b>	<b>100.00</b>	<b>120</b>	<b>100.00</b>	<b>129</b>	<b>100.00</b>	<b>377</b>	<b>100.00</b>

#### Notes:

\* Less than RM1,000

(1) Interest income was derived from interest earned on our Group's current bank balances.

(2) Gain from the disposal of unit trust.

(3) Income distribution from the unit trust.

(4) Miscellaneous include other income from rebates and discount received from supplier as well as credit card rebates.

#### Comparison between FYE 2016 and FYE 2017

Our other income increased by RM0.03 million from RM0.09 million in FYE 2016 to RM0.12 million in FYE 2017 due to higher interest income, gain on disposal of unit trust and miscellaneous income.

## 12. FINANCIAL INFORMATION (Cont'd)

In FYE 2017, we sold our entire investment of RM0.60 million in USD-denominated unit trust for RM0.67 million and recorded a gain from disposal of RM0.07 million.

### **Comparison between FYE 2017 and FYE 2018**

Other income increased by RM0.01 million from RM0.12 million in FYE 2017 to RM0.13 million in FYE 2018 due to gain on realised and unrealised foreign exchange of RM0.11 million.

### **Comparison between FYE 2018 and FYE 2019**

Other income increased by RM0.25 million from RM0.13 million in FYE 2018 to RM0.38 million in FYE 2019 due to gain on realised and unrealised foreign exchange of RM0.31 million.

#### **(iv) Administrative expenses**

	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs <sup>(1)</sup>	1,781	59.68	2,051	39.49	2,459	52.81	3,415	57.74
Professional fee <sup>(2)</sup>	96	3.22	91	1.75	857	18.41	506	8.55
Travelling & accommodation	190	6.37	158	3.04	350	7.52	807	13.64
Upkeep and maintenance <sup>(3)</sup>	178	5.97	180	3.46	305	6.55	376	6.36
Rental of premises	157	5.26	194	3.74	228	4.90	48	0.81
Depreciation	208	6.97	187	3.59	186	3.99	343	5.80
Utilities	173	5.80	123	2.37	126	2.71	154	2.60
Marketing expenses <sup>(4)</sup>	41	1.37	32	0.62	58	1.25	119	2.01
Printing & stationery	23	0.77	30	0.58	57	1.22	71	1.20
Share-based payments <sup>(5)</sup>	-	-	1,773	34.14	-	-	-	-
Realised loss on foreign exchange	66	2.21	20	0.39	-	-	-	-
Unrealised loss on foreign exchange	-	-	249	4.79	-	-	-	-
Other <sup>(6)</sup>	71	2.38	106	2.04	30	0.64	76	1.29
	<b>2,984</b>	<b>100.00</b>	<b>5,194</b>	<b>100.00</b>	<b>4,656</b>	<b>100.00</b>	<b>5,915</b>	<b>100.00</b>

#### **Notes:**

- (1) Staff costs include salaries, allowance and bonus as well as welfare and training expenses and directors' remuneration.
- (2) Professional fees include fees incurred for book keeping, audit, tax, legal and listing. The listing related fees for the listing exercise undertaken by our Group in FYE 2018 and FYE 2019 were approximately RM0.69 million and RM0.30 million, respectively.
- (3) Upkeep and maintenance include upkeep of computer, factory, office, motor vehicle and office equipment and insurance expenses.
- (4) Marketing expenses include advertisement and entertainment expenses.

## **12. FINANCIAL INFORMATION (Cont'd)**

- (5) Expenses relating to the share-based payment arising from Call Option 2 which falls within the scope of MFRS 2.
- (6) Other expenses include license fee, withholding tax, GST expenses, penalty and others.

### **Comparison between FYE 2016 and FYE 2017**

Administrative expenses increased by RM2.21 million or 74.06% from RM2.98 million in FYE 2016 to RM5.19 million in FYE 2017. The increase was mainly attributable to the share-based payment expense of approximately RM1.77 million relating to the Call Option 2, staff costs of approximately RM0.27 million and unrealised loss on foreign exchange of approximately RM0.20 million in FYE 2017. The increase in staff costs was due to the higher bonus payouts in FYE 2017 and higher trainings costs to maintain staff competency.

Rental of premises increased by approximately RM0.04 million arising from the higher rental paid for our office at Puchong, Selangor and Bintulu, Sarawak.

### **Comparison between FYE 2017 and FYE 2018**

Administrative expense decreased RM0.54 million or 10.36% from RM5.19 million in FYE 2017 to RM4.66 million in FYE 2018. The decrease was mainly attributable to the realised/unrealised loss on foreign exchange and the share-based payment expense of approximately RM1.77 million relating to Call Option 2, which was recognised only in FYE 2017. This decrease in administrative expense was partially offset with the following items:

- (i) an increase of approximately RM0.41 million in staff costs where our Group had newly employed an additional 18 staff during FYE 2018;
- (ii) an increase of approximately RM0.77 million in professional fee which included listing related fees of approximately RM0.69 million for FYE 2018;
- (iii) an increase of travelling and accommodation from travelling to east Malaysia for business operation purposes, which includes flight cost, transportation, petrol, toll, parking as well as hotel expenses, by RM0.19 million from RM0.16 million in FYE 2017 to RM0.35 million in FYE 2018. We incurred higher travelling expenses for our Executive Directors, key senior management and our Engineers who commuted between our offices in Puchong to our offices in Bintulu and Labuan as well as our fabrication yard in Johor, as well as to visit client site offices. There was increased frequency of travel in FYE 2018 as we undertook more activities for manpower supply as well as EPC and project management for the upstream and downstream O&G segment; and
- (iv) an increase of upkeep and maintenance includes upkeep for computer, office equipment, yard, motor vehicles and machineries as well as quit rent and insurance expense by RM0.13 million or 69.44% from RM0.18 million in FYE 2017 to RM0.31 million in FYE 2018.

## 12. FINANCIAL INFORMATION (Cont'd)

### Comparison between FYE 2018 and FYE 2019

Administrative expenses increased by RM1.26 million or 27.04% from RM4.66 million in FYE 2018 to RM5.92 million in FYE 2019. The increase in administrative expenses was mainly attributable to:

- (i) an increase of approximately RM0.96 million in staff costs where our Group had employed an additional 5 staff for the finance department and 2 staff for the procurement department during FYE 2019; and
- (ii) an increase of travelling and accommodation for business operation purposes, which includes flight cost, transportation, petrol, toll, parking as well as hotel expenses, by RM0.46 million from RM0.35 million in FYE 2018 to RM0.81 million in FYE 2019. There was increased frequency of traveling in FYE 2019 as there were more activities for manpower supply as well as EPC and project management for the upstream and downstream O&G segment, particularly in Bintulu, Labuan, fabrication yard in Johor as well as client site offices.

This increase in administrative expense was partially offset with the lower professional fee which decreased from RM0.86 million in FYE 2018 to RM0.51 million in FYE 2019 due to lower listing related fees paid in FYE 2019.

### **(v) Finance cost**

	Audited							
	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:								
Term loan	73	73.00	71	79.78	72	96.00	69	67.00
Finance lease liabilities	21	21.00	10	11.23	3	4.00	2	1.94
Bankers' acceptance	6	6.00	8	8.99	-	-	5	4.85
Lease liabilities	-	-	-	-	-	-	27	26.21
	<b>100</b>	<b>100.00</b>	<b>89</b>	<b>100.00</b>	<b>75</b>	<b>100.00</b>	<b>103</b>	<b>100.00</b>

### Comparison between FYE 2016 and FYE 2017

For FYE 2017, finance costs decreased by approximately RM0.01 million. The decrease was mainly attributable to lower term loan interest and hire purchase interest. The term loan was used to finance the purchase of our fabrication yard in Senai, Johor where we have set up a fabrication yard. Whereas, the hire purchases were used to finance the purchase of motor vehicles and machinery. In FYE 2017, we paid off 1 of our hire purchases on our motor vehicle, which led to a lower hire purchase interest.

### Comparison between FYE 2017 and FYE 2018

For FYE 2018, finance cost decreased by approximately RM0.01 million as compared to FYE 2017. The decrease was mainly attributable to lower hire purchase interest and the absence of banker's acceptances interest. We also paid off 3 hire purchases, resulting to a lower hire purchase interest for FYE 2018.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2018 and FYE 2019**

For FYE 2019, finance cost increased by approximately RM0.03 million as compared to FYE 2018. The increase was mainly attributable to higher interest on banker's acceptances and lease liabilities.

**(vi) PBT and PAT**

	<b>Audited</b>			
	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
PBT (RM'000)	3,615	4,545	7,010	9,148
PBT margin (%)	20.49	18.93	22.99	15.70
PAT (RM'000)	2,710	3,020	5,173	6,917
PAT margin (%)	15.36	12.58	16.97	11.87

**Comparison between FYE 2016 and FYE 2017**

For FYE 2017, our PBT recorded an increase from approximately RM3.62 million for FYE 2016 to approximately RM4.55 million for FYE 2017, mainly due to the increase in revenue. Our PBT margin recorded a decrease from 20.49% for FYE 2016 to 18.93% for FYE 2017, mainly attributed to one-off share-based payment expense in FYE 2017. Correspondingly, our PAT margin decreased from 15.36% to 12.58% in FYE 2017, while our PAT increased slightly from RM2.71 million in FYE 2016 to RM3.02 million in FYE 2017.

**Comparison between FYE 2017 and FYE 2018**

For FYE 2018, our PBT and PBT margin recorded an increase from approximately RM4.55 million or 18.93% for FYE 2017 to approximately RM7.01 million or 22.99% for FYE 2018, arising from an increase in revenue and the absence of share-based payment expense. Correspondingly, our PAT and PAT margin improved to approximately RM5.17 million or 16.97% in FYE 2018 from approximately RM3.02 million or 12.58% in FYE 2017.

**Comparison between FYE 2018 and FYE 2019**

For FYE 2019, our PBT recorded an increase from approximately RM7.01 million for FYE 2018 to approximately RM9.15 million for FYE 2019, mainly due to the increase in revenue. However, our PBT margin recorded a decrease from 22.99% in FYE 2018 to 15.70% in FYE 2019, mainly attributed to GP margin for supply of manpower in FYE 2019 decreased from 41.04% in FYE 2018 to 22.95% in FYE 2019. Correspondingly, our PAT margin decreased from 16.97% to 11.87% in FYE 2019, while our PAT increased from RM5.17 million in FYE 2018 to RM6.92 million in FYE 2019.

**12. FINANCIAL INFORMATION (Cont'd)****(vii) Taxation**

	<b>Audited</b>			
	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation	905	1,525	1,837	2,231
Statutory tax rate	24%	24%	24%	24%
Effective tax rate <sup>(1)</sup>	25.03%	33.55%	26.21%	24.39%

**Note:**

(1) We qualify for lower statutory tax rates of 19.00%, 18.00%, 18.00% and 17.00% on the first chargeable income of RM0.50 million for FYEs 2016, 2017, 2018 and 2019 respectively.

(2) In FYE 2017, the effective tax rate increased to 33.55% due to the share-based payment arising from Call Option 2, which is a non-deductible expense.

**12.2.3 Review of financial position****(i) Assets**

	<b>Audited</b>			
	<b>As at 31 December</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	4,504	4,126	4,416	7,536
Other investment	645	-	-	-
<b>Total non-current assets</b>	<b>5,149</b>	<b>4,126</b>	<b>4,416</b>	<b>7,536</b>
<b>Current assets</b>				
Trade and other receivables	52,297	11,707	15,726	18,941
Current tax assets	5	6	12	6
Cash and bank balances	526	2,647	1,192	2,314
<b>Total current assets</b>	<b>52,828</b>	<b>14,360</b>	<b>16,930</b>	<b>21,261</b>
<b>Total Assets</b>	<b>57,977</b>	<b>18,486</b>	<b>21,346</b>	<b>28,797</b>

**Comparison between FYE 2016 and FYE 2017**

Total assets decreased by RM39.49 million from RM57.98 million as of 31 December 2016 to RM18.49 million as of 31 December 2017. This was due to the decrease in our non-current asset and current assets by RM1.02 million and RM38.47 million, respectively.

During FYE 2017, our non-current asset reduced by RM1.02 million due to the depreciation charge on fixed asset, disposal of a motor vehicle and disposal of the entire investments in unit trust fund.

The decrease in current assets was mainly due to the significant decrease in trade and other receivables in FYE 2017 as we made full collection of revenue for our drilling charter services which amounted to approximately RM45.59 million, which we subsequently used to pay our trade payables (Noble Contracting Offshore Drilling (M)

## 12. FINANCIAL INFORMATION (Cont'd)

Sdn Bhd), as agreed under the Noble Arrangement. Please refer to Section 7.2.4 for further details.

### **Comparison between FYE 2017 and FYE 2018**

Total assets increased by RM2.86 million from RM18.49 million as of 31 December 2017 to RM21.35 million as of 31 December 2018 resulting from an increase in non-current assets by RM0.29 million and current assets by RM2.57 million.

The increase in non-current asset was mainly due to the purchase of computer and software as well as machinery and equipment.

The increase in current assets was mainly due to higher trade receivables by RM4.51 million which is in line with the higher trade receivables turnover period of 152 days during FYE 2018 as compared to 122 days during FYE 2017.

### **Comparison between FYE 2018 and FYE 2019**

Total assets increased by RM7.45 million from RM21.35 million as of 31 December 2018 to RM28.80 million as of 31 December 2019 resulting from the increases in non-current assets by RM3.12 million and current assets by RM4.33 million.

The increase in non-current asset was mainly due to the purchase of computer and software, machinery and equipment as well as right-of-use assets from leases.

The increase in current assets was mainly due to higher trade and other receivables by RM3.22 million which was in line with the higher revenue of RM58.28 million for FYE 2019 as compared to RM30.49 million FYE 2018.

### **(ii) Liabilities**

	<b>Audited</b>			
	<b>As at 31 December</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>				
Loans and borrowings	1,583	1,469	1,435	1,448
Lease liabilities	-	-	-	179
Deferred tax liabilities	117	49	166	424
<b>Total non-current liabilities</b>	<b>1,700</b>	<b>1,518</b>	<b>1,601</b>	<b>2,051</b>
<b>Current liabilities</b>				
Loans and borrowings	481	376	41	103
Lease liabilities	-	-	-	142
Current tax liabilities	821	1,224	749	449
Trade and other payables	46,682	2,309	2,523	4,210
<b>Total current liabilities</b>	<b>47,984</b>	<b>3,909</b>	<b>3,313</b>	<b>4,904</b>
<b>Total Liabilities</b>	<b>49,684</b>	<b>5,427</b>	<b>4,914</b>	<b>6,955</b>

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2016 and FYE 2017**

Total liabilities decreased significantly by RM44.26 million from RM49.69 million as of 31 December 2016 to RM5.43 million as of 31 December 2017. This was due to the decrease in trade and other payables by RM44.37 million as a result of the settlement amount due to Noble Contracting Offshore Drilling (M) Sdn Bhd for the charter of drilling rigs. Please refer to Section 7.2.4 for further details of the Noble Arrangement.

Excluding the current liabilities arising from the Noble Arrangement, our trade and other payables as at 31 December 2016 amounted to RM1.08 million.

We also paid off a hire purchase, which led to reduction in finance lease liabilities.

**Comparison between FYE 2017 and FYE 2018**

Total liabilities decreased slightly by RM0.51 million from RM5.43 million as of 31 December 2017 to RM4.91 million in as of 31 December 2018. This was mainly due to settlement of 3 hire purchase facilities, which led to reduction in finance lease liabilities.

**Comparison between FYE 2018 and FYE 2019**

Total liabilities increased by RM2.04 million from RM4.91 million as at 31 December 2018 to RM6.95 million in as at 31 December 2019. This was mainly due to higher trade and other payables recorded at RM4.21 million which was in line with the higher cost of sales of RM43.49 million for FYE 2019 as compared to RM18.88 million for FYE 2018. Our Group also recorded lease liabilities of RM0.32 million. The lease liabilities arising from the adoption of MFRS 16: Leases which require our Group to recognise our existing off-balance sheet operating leases, namely for the Puchong office and vacant land in Labuan. As a result, we will no longer be able to recognise any rental expenses from operating leases, either in terms of profit or loss, but we will need to recognise the lease liability and the corresponding right-of-use asset in our balance sheet.

**12.2.4 Review of cash flows**

	<b>Audited</b>			
	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
Net cash from operating activities	1,366	2,002	1,255	6,129
Net cash (used in)/from investing activities	(831)	639	(714)	(3,311)
Net cash used in financing activities	(902)	(520)	(2,045)	(1,702)
Net (decrease)/increase in cash and cash equivalents	(367)	2,121	(1,504)	1,116
Cash and cash equivalents at beginning of the financial years	993	526	2,647	1,192
Effect of exchange rate changes	(100)	*	49	6
Cash and cash equivalents at end of the financial years	526	2,647	1,192	2,314

**Note:**

\* Less than RM1,000

## **12. FINANCIAL INFORMATION (Cont'd)**

### **FYE 2016**

#### **Net cash from operating activities**

In FYE 2016, our Group recorded net cash inflows from operating activities of approximately RM1.37 million. We collected RM18.29 million from our customers, which was offset by cash paid amounting to RM16.92 million for the following:

- (i) approximately RM16.18 million was paid to our employees and suppliers; and
- (ii) approximately RM0.74 million paid in income taxes.

#### **Net cash used in investing activities**

In FYE 2016, our Group recorded net cash outflows from investing activities of approximately RM0.83 million. This was due to the purchase of machinery such as scaffolding materials, fibreglass grating and air blower for the EPC and Project Management as well as office equipment for our Puchong and Miri office including our fabrication yard in Senai, Johor for approximately RM1.06 million and investment income of approximately RM0.01 million.

The cash outflows were partially offset by proceeds from disposal of our USD-denominated unit trust of approximately RM0.22 million. We disposed part of our unit trust to fund our working capital of the business operations and running cost. Our Group has not established any accounting policy for investment into unit trusts and do not intend to make any such investments moving forward, unless such policy and necessary controls have been put in place.

#### **Net cash used in financing activities**

In FYE 2016, we recorded net cash outflow from financing activities amounted to RM0.90 million, which was mainly due to the following:

- (i) repayment of borrowings of approximately RM0.19 million in relation to our term loan for our fabrication yard in Senai, Johor and finance lease liabilities of our machineries and motor vehicles;
- (ii) net repayment to our Director of approximately RM0.23 million. The advances from Director were previously obtained for business related expenses on behalf of OVE;
- (iii) advances to related parties, namely Borneo Material Handling Sdn Bhd and Dynamic Force Marketing Sdn Bhd (*formerly known as Ocean Vantage Trading Sdn Bhd*), of approximately RM0.70 million to fund its working capital; and
- (iv) payment of interest relating to term loan of our fabrication yard in Senai, Johor, finance lease liabilities for our machinery and motor vehicle and bankers' acceptance amounting to RM0.07 million, RM0.02 million and RM0.01 million, respectively.

The cash outflows were partially offset by drawdown of bankers' acceptance of approximately RM0.32 million, for working capital purposes.

## **12. FINANCIAL INFORMATION (Cont'd)**

### **FYE 2017**

#### **Net cash from operating activities**

In FYE 2017, our Group recorded net cash inflows from operating activities of approximately RM2.00 million. We collected RM185.11 million from our customers, of which RM163.84 million was from end customer under the Noble Arrangement. We paid cash amounting to RM183.11 million for the following:

- (i) approximately RM181.92 million was paid to our employees and suppliers, of which RM163.84 million was paid to Noble pursuant to the Noble Arrangement; and
- (ii) approximately RM1.19 million paid in income taxes.

#### **Net cash from investing activities**

In FYE 2017, our Group recorded net cash inflow from investing activities amounted to RM0.64 million. This was due to the proceeds from disposal of motor vehicles and disposal of the entire investment in unit trust funds of approximately RM0.003 million and RM0.67 million, respectively. These proceeds were used for our working capital.

The cash inflows were partially offset by purchase of computers and notebooks for approximately RM0.03 million.

#### **Net cash used in financing activities**

In FYE 2017, the net cash outflow from financing activities amounted to RM0.52 million, which was mainly attributable to the following:

- (i) advances to a director for business related expenses on behalf of OVE of approximately RM0.65 million;
- (ii) repayment of borrowings of approximately RM0.22 million; and
- (iii) payment of interest relating to term loan of our fabrication yard in Senai, Johor, finance lease liabilities for our machinery and motor vehicle and bankers' acceptance amounting to RM0.07 million, RM0.01 million and RM0.01 million, respectively.

The cash outflows were partially offset by repayments of advances from related parties, namely Borneo Material Handling Sdn Bhd and Dynamic Force Marketing Sdn Bhd (*formerly known as Ocean Vantage Trading Sdn Bhd*) of approximately RM0.44 million. These advances were extended for their working capital purposes.

### **FYE 2018**

#### **Net cash from operating activities**

In FYE 2018, our Group recorded net cash inflows from operating activities of approximately RM1.26 million. We collected RM26.27 million from our customers, which was partially offset by cash paid amounting to RM25.02 million mainly for the following:

- (i) approximately RM22.82 million was paid to our employees and suppliers; and
- (ii) approximately RM2.20 million paid in income taxes.

## **12. FINANCIAL INFORMATION (Cont'd)**

### **Net cash used in investing activities**

In FYE 2018, our Group recorded net cash outflows from investing activities of approximately RM0.71 million. This was due to the purchase of computer and notebooks for approximately RM0.10 million as well as purchase of machinery and equipment such as drilling machine, counter weight equipment as well as anti-intrusion barrier equipment for approximately RM0.61 million.

### **Net cash used in financing activities**

In FYE 2018, the net cash outflows from financing activities amounting to approximately RM2.05 million, attributable to the following:

- (i) payment of dividend of approximately RM1.80 million for the dividend declared in FYE 2017;
- (ii) repayment of borrowings of approximately RM0.37 million; and
- (iii) payment of interest for term loan of our fabrication yard in Senai, Johor and finance lease liabilities for our machinery and motor vehicle amounting to RM0.07 million and RM0.01 million, respectively.

The cash outflows were partially offset by reduction of the balance advances to director of approximately RM0.20 million due to the utilisation of the director to pay operating expenses such as salaries and wages of the contractual workers on behalf of OVE.

### **FYE 2019**

### **Net cash from operating activities**

In FYE 2019, our Group recorded net cash inflows from operating activities of approximately RM6.13 million. We collected RM55.12 million from our customers, which was partially offset by cash paid amounting to RM48.99 million mainly for the following:

- (i) approximately RM46.71 million was paid to our employees and suppliers; and
- (ii) approximately RM2.28 million paid in income taxes.

### **Net cash used in investing activities**

In FYE 2019, our Group recorded net cash outflows from investing activities of approximately RM3.31 million. This was due to the purchase of computers and notebooks for approximately RM0.07 million, as well as fixed assets - comprised of machinery and equipment such as relief valves, anti-intrusion barrier equipment, scaffolding materials and skid beams as well as diving panel and dive control system equipment for subsea diving operations for approximately RM3.16 million.

### **Net cash used in financing activities**

In FYE 2019, the net cash outflows from financing activities amounting to approximately RM1.70 million, attributable to the following:

- (i) payment of dividend of approximately RM1.50 million for the dividend declared in FYE 2019;

## **12. FINANCIAL INFORMATION (Cont'd)**

- (ii) payment of leases for Puchong office and vacant land in Labuan of approximately RM0.18 million;
- (iii) payment of interest for term loan of our fabrication yard in Senai, Johor and finance lease liabilities for our Puchong office and vacant land in Labuan amounting to RM0.07 million and RM0.03 million, respectively; and
- (iv) repayment of borrowings of approximately RM0.05 million.

The cash outflows were partially offset by the settlement of the balance advances to director of approximately RM0.13 million, when he paid operating expenses such as salaries and wages of contractual workers on behalf of OVE. This arrangement was done as some contractual workers has requested for their salaries to be paid in cash. After FYE 2019, OVH has put in place policies to encourage contractual workers to use bank account for purposes of salaries payment.

### **12.3 LIQUIDITY AND CAPITAL RESOURCES**

#### **12.3.1 Working capital**

Our business is financed by a combination of internal and external sources of funds. Our internal sources of funds are shareholders' equity and cash generated from operations while our external sources of funds comprise term loan and hire purchases. The principal uses of these funds are for working capital purposes and purchases of materials, equipment, properties and motor vehicles. Cash generated from operations constitutes collections from our customers.

As at 31 December 2019, we have:

- (i) cash and bank balances of approximately RM2.31 million; and
- (ii) credit facilities (i.e. trade facilities, hire purchase and term loans) up to a total limit of RM2.22 million, of which RM1.55 million has been utilised.

As at 4 May 2020, we have cash and bank balances of RM3.58 million and unutilised credit facilities of RM0.38 million. Taking into consideration our existing available liquid funds and that our operations were not affected during throughout the period of MCO and CMCO (please refer to Section 7.13), we do not foresee any circumstances which may materially affect the liquidity position of our Group.

Our Group demonstrated continued profitability and generated positive operating cash flow over the FYE 2016 to 2019. However, our Group experienced a net outflow in cash and cash equivalents of RM0.37 million in FYE 2016 and RM1.50 million in FYE 2018. In FYE 2017 and FYE 2019, our Group experienced a net inflow in cash and cash equivalents of RM2.12 million and RM1.12 million respectively. Our Group's gearing decreased from 0.25 times as at 31 December 2016 to 0.14 times as at 31 December 2017 to 0.09 times as at 31 December 2018, and subsequently 0.07 times as at 31 December 2019.

Based on the pro forma consolidated statements of financial position of our Group as at 31 December 2019 (after the Acquisitions but before Public Issue), our net asset position stood at RM21.84 million and our gearing level was 0.07 times. Our net asset position after the Acquisitions, Public Issue and utilisation of proceeds is RM33.85 million and our gearing level is at 0.05 times. Our Group's current ratio increased from 3.03 times as at FYE 2016 to 3.67 times as at FYE 2017 to 5.11 times as at FYE 2018, and subsequently declined to 4.34

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**12. FINANCIAL INFORMATION (Cont'd)**

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times as at FYE 2019.

Premised on the above, our Board is of the opinion that after taking into account our Group's continued profitability, improved gearing level and current ratio and the banking facilities currently available to us which will mainly be utilised for the following future plans:

- (i) to broaden our range of support services in EPC and project management segment to capture opportunities in the O&G industry; and
- (ii) to further strengthen our project management capabilities for the downstream O&G segment.

Our Group has adequate working capital after the Public Issue for its business operations for its existing needs and foreseeable requirements for a period of 12 months from date of this Prospectus.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.4 BORROWINGS

All our bank borrowings are secured and interest-bearing. Our total outstanding borrowings as at 31 December 2019 stood at RM1.55 million, details of which are set out below:

Purpose	Security	As at 31 December 2019		
		Tenure	Interest rate %	RM'000
<b>Interest bearing short-term borrowings, payable within 1 year:</b>				
Term loan	Purchase of property	(i) Fixed charge over land and buildings (ii) Personal guarantee by our Managing Director and 2 Executive Directors	300 months	2.10% below bank's base lending rate per annum
Hire purchase	Purchase of machineries	Machineries	24 months	6.24% per annum
<b>Interest bearing long-term borrowings, payable after 1 year:</b>				
Term loan	Purchase of property	(i) Fixed charge over land and buildings (ii) Personal guarantee by our Managing Director and 2 Executive Directors	300 months	2.10% below bank's base lending rate per annum
Hire purchase	Purchase of machineries	Machineries	24 months	6.24% per annum
<b>Total borrowings</b>				<b>1,551</b>

**Gearing (times)**  
After Acquisitions but before Public Issue <sup>(1)</sup>  
After Public Issue and utilisation of proceeds <sup>(2)</sup>

#### Notes:

(1) Computed based on our pro forma equity attributable to the owners of the Company of RM21.84 million in the pro forma consolidated statements of financial position after the Acquisitions but before Public Issue and proposed utilisation of proceeds

(2) Computed based on our pro forma equity attributable to the owners of the Company of RM33.85 million in the pro forma consolidated statements of financial position after the Acquisitions, Public Issue and utilisation of proceeds

**12. FINANCIAL INFORMATION (Cont'd)**

The following table sets out the maturities of our borrowings and finance lease liabilities:

	<b>Audited</b>			
	<b>As at 31 December</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank borrowings</b>				
Carrying amount	2,064	1,845	1,476	1,551
<b>Contractual cash flow</b>				
on demand or within 1 year	563	449	108	173
Between 1 and 5 years	513	430	430	480
More than 5 years	1,864	1,757	1,748	1,679
	<b>2,940</b>	<b>2,636</b>	<b>2,286</b>	<b>2,332</b>

As at the LPD, the total outstanding borrowings stood at RM1.50 million.

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the FYE 2016 to 2019. As at the LPD, neither our Group nor our subsidiaries is in breach of any terms, 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 2016 to 2019, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

#### **12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4, we do not have or utilise any other financial instruments or have any other treasury policies. All our banking facilities are for working capital, purchase of materials and equipment as well as purchases of property, plant and equipment. As at 31 December 2019, save for our finance lease creditors which are based on fixed rates, all our other facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

#### **12.6 MATERIAL CAPITAL COMMITMENTS**

As at the LPD, our Group does not have any material capital commitment.

#### **12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITY**

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any 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. There are no contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

**12. FINANCIAL INFORMATION (Cont'd)****12.8 KEY FINANCIAL RATIOS**

	<b>FYE 2016</b>	<b>FYE 2017</b>	<b>FYE 2018</b>	<b>FYE 2019</b>
Trade receivables turnover (days) <sup>(1)</sup>	101	122	152	104
Trade payables turnover (days) <sup>(2)</sup>	24	26	30	22
Current ratio (times) <sup>(3)</sup>	3.03	3.67	5.11	4.34
Gearing ratio (times) <sup>(4)</sup>	0.25	0.14	0.09	0.07

**Notes:**

(1) Computed based on average trade receivables as at year end over revenue for the year multiplied by 365 days for each financial year

	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
Opening trade receivables	*4,139	*5,622	10,482	14,994
Closing trade receivables	*5,622	10,482	14,994	18,111
Revenue	17,645	24,009	30,492	58,284
Average trade receivables turnover period (days)	101	122	152	104

**Note:**

\* Excluding the end customers under the Noble Arrangement

Our Group had entered into an arrangement with Noble where the customer's billing and cost for drilling rig charter services will be passed through via our Group. This results in recognition of revenues and corresponding cost of sales (almost cancelling out each other); nevertheless, our Group earns a percentage of commission from the Noble Arrangement. For avoidance of any discrepancy, any amount related to the Noble Arrangement has been eliminated for the purpose of calculation of trade receivables turnover period. The same applies to the calculation of trade payables turnover period and current ratio.

(2) Computed based on average trade payables as at year end over costs of sales for the year multiplied by 365 days for each financial year

	<b>FYE 2016</b> <b>RM'000</b>	<b>FYE 2017</b> <b>RM'000</b>	<b>FYE 2018</b> <b>RM'000</b>	<b>FYE 2019</b> <b>RM'000</b>
Opening trade payables	*965	*467	1,572	1,500
Closing trade payables	*467	1,572	1,500	3,830
Cost of sales	11,034	14,301	18,880	43,495
Average trade payables turnover period (days)	24	26	30	22

**Note:**

\* Excluding customers under the Noble Arrangement

(3) Computed based on current assets excluding receivables under the Noble Arrangement over current liabilities excluding payables under the Noble Arrangement as at each financial year end

(4) Computed based on the total borrowings over total equity as at each financial year end

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.8.1 Trade receivables turnover

The normal credit period granted by our Group to our customers is between 30 to 60 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

Our overall trade receivables turnover days for FYE 2016 to 2019 were between 101 and 152 days, which is above our normal credit period due to the following reasons:

- (a) as OVE is a subcontractor, the timing of receipt of payment from our major customers (the direct contractors for PETRONAS, international oil companies and other oilfield service providers), is affected by, amongst others, the receipt of payment from their direct customers and their cash flow levels. Our major customers have taken a cautious approach in managing their cash flows due to the uncertainties surrounding crude oil prices. This is despite the improvement from the recovery of crude oil prices and increased upstream spending by PETRONAS in 2018. Smaller vendors such as OVE who have been engaged as subcontractors continue to be affected by late payment even though we have completed our obligations under the purchase orders/projects that we secured. Nevertheless, our customers continue to honour the payments throughout this period; and
- (b) our major customers namely, Seadrill Group, Maersk Group and Transocean Group had undertaken internal restructuring exercises, which took place throughout 2017 to 2018. As a result, the payment process was delayed as the implemented revised payment process was affected and lengthened.

The ageing analysis of our trade receivables as at 31 December 2019 is as follows:

	Trade receivables as at 31 December 2019	Amount collected subsequent from 1 January 2020 up to LPD		Trade receivables net of subsequent collections		Percentage of trade receivables net of subsequent collections (c)/total of (c)	
		RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	Percentage collected (b)/(a)		
		(a)	(b)	(b)	(b)/(a)		
Neither past due nor impaired	6,225	34.37		(5,418)	87.04	807	37.83
Past due but not impaired:							
• 1 to 30 days	5,342	29.50		(4,433)	82.98	909	42.62
• 31 to 60 days	4,343	23.98		(4,080)	93.94	263	12.33
• 61 to 90 days	1,290	7.12		(1,287)	99.77	3	0.14
• More than 90 days	911	5.03		(760)	83.42	151	7.08
	11,886	65.63		(10,560)	88.84	1,326	62.17
<b>Total</b>	<b>18,111</b>	<b>100.00</b>		<b>(15,978)</b>	<b>88.22</b>	<b>2,133</b>	<b>100.00</b>

Our Group has outstanding trade receivables of approximately RM18.11 million as at 31 December 2019. Our normal trade terms are non-interest bearing and normal credit terms from 30 to 60 days.

## 12. FINANCIAL INFORMATION (Cont'd)

Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. We use ageing analysis to monitor the credit quality of our trade receivables.

As at the LPD, we have collected RM15.98 million of the trade receivables due as at 31 December 2019. The Board of the view that the remaining balance of RM2.13 million remains collectible.

Our Group has not encountered any major disputes with our debtors and hence no allowance for impairment was provided for as there were no doubtful receivables outstanding for the FYEs 2016, 2017, 2018 and 2019.

### 12.8.2 Trade payables turnover

The ageing analysis of our trade payables as at 31 December 2019 is as follows:

	Trade payables as at 31 December 2019	Amount paid subsequent from 1 January 2020 up to LPD		Trade payables net of subsequent payment		Percentage of trade payables net of subsequent payment (c)/total of (c)
		RM'000	Percentage of trade payables (a)/total of (a)	RM'000	Percentage paid (b)/(a)	
		(a)	(a)	(b)	(b)	
Neither past due nor impaired	1,597	41.70		(1,322)	82.78	275
Past due but not impaired:						
• 1 to 30 days	1,618	42.25		(1,270)	78.49	348
• 31 to 60 days	282	7.36		(282)	100.00	-
• 61 to 90 days	144	3.76		(144)	100.00	-
• More than 90 days	189	4.93		(189)	100.00	-
	2,233	58.30		(1,885)	84.42	348
<b>Total</b>	<b>3,830</b>	<b>100.00</b>		<b>(3,207)</b>	<b>83.73</b>	<b>623</b>
						<b>100.00</b>

The normal trade terms granted to our Group by our suppliers are credit terms within 30 to 60 days. Our average trade payables turnover period as at for the FYEs 2016, 2017, 2018 and 2019 were 24 days, 26 days, 30 days and 22 days respectively, which showed an improved in payment and within credit period in FYE 2019.

As at the LPD, we have outstanding trade payables of RM0.62 million to be repaid at 31 December 2019.

As at the LPD, there are no disputes in respect of any trade payables and no legal action has been initiated by our suppliers to demand for payment.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.8.3 Current ratio

Our current ratio throughout the financial years under review are as follows:

*Including the balances related to the Noble Arrangement*

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Current assets	52,828	14,360	16,930	21,261
Current liabilities	(47,984)	(3,909)	(3,313)	(4,904)
<b>Net current assets</b>	<b>4,844</b>	<b>10,451</b>	<b>13,617</b>	<b>16,357</b>
Current ratio (times)	1.10	3.67	5.11	4.34

*Excluding the balances related to the Noble Arrangement*

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Current assets (excluding receivables under the Noble Arrangement)	7,233	14,360	16,930	21,261
Current liabilities (excluding payables under the Noble Arrangement)	(2,389)	(3,909)	(3,313)	(4,904)
<b>Net current assets</b>	<b>4,844</b>	<b>10,451</b>	<b>13,617</b>	<b>16,357</b>
Current ratio (times)	3.03	3.67	5.11	4.34

Our current ratio excluding the balances related to the Noble Arrangement ranged from 3.03 times to 5.11 times for the financial years under review. Our Group recorded higher sales in FYE 2019, which resulted in higher trade receivables (RM18.11 million) and cash collections, which were used to, amongst others, pare down payables. The higher receivable contributed to lower current ratio of 4.34 times in FYE 2019. However, this was partially offset by higher borrowings and payables in FYE 2019.

### 12.8.4 Gearing ratio

Our gearing ratio throughout the financial years under review is as follows:

	As at 31 December			
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
<b>Total loans and borrowings</b>				
Term loan	1,538	1,506	1,476	1,442
Finance lease liabilities	210	80	-	109
Bankers' acceptance	316	259	-	-
	<b>2,064</b>	<b>1,845</b>	<b>1,476</b>	<b>1,551</b>
Total equity	8,293	13,059	16,432	21,842
Gearing (times)	0.25	0.14	0.09	0.07

Our Group's gearing ratio ranged from 0.07 times to 0.25 times for the financial years under review. Over the financial years under review, we reduced our borrowings from RM2.06 million as at 31 December 2016 to RM1.55 million as at 31 December 2019. The calculation of gearing ratio does not include the amounts due from directors and related parties as it does not carry any interest. As at LPD, the amount due have been fully settled.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.9 SIGNIFICANT FACTORS AFFECTING OUR BUSINESS

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance.

The significant factors affecting our revenues and profits include the following:

(i) Fluctuation of foreign exchange rate

Our revenue is denominated in RM, USD, SGD and BND. Any significant change in foreign exchange rates may affect our Group's financial results. For the FYEs 2016, 2017, 2018 and 2019, approximately 79.23%, 82.24%, 95.40% and 81.68% of our revenues were denominated in RM.

Sales transacted	FY 2016		FY 2017		FY 2018		FY 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
BND	-	0.00	21	0.09	19	0.06	-	-
RM	13,981	79.23	19,745	82.24	29,090	95.40	47,604	81.68
SGD	-	0.00	38	0.16	19	0.06	-	-
USD	3,664	20.77	4,205	17.51	1,364	4.48	10,680	18.32
	<b>17,645</b>	<b>100.00</b>	<b>24,009</b>	<b>100.00</b>	<b>30,492</b>	<b>100.00</b>	<b>58,284</b>	<b>100.00</b>

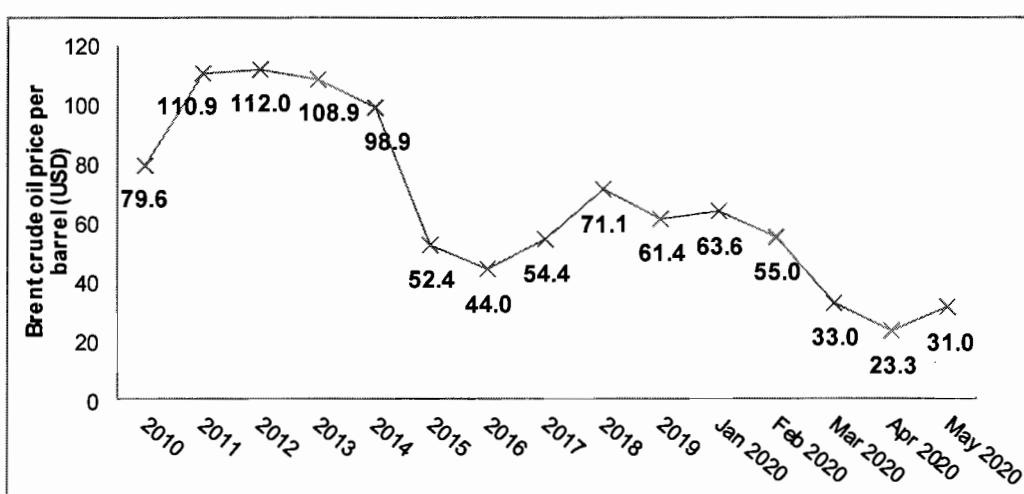
Any appreciation or depreciation of the USD against RM will affect the costs of our materials, equipment and revenue.

We maintain foreign currency accounts arising from our sales to settle our purchases in foreign currency.

(ii) Fluctuation in the prices of crude oil

O&G exploration activities vary depending on crude oil prices as it correlates with profitability. The capital expenditure of our customers is influenced by crude oil prices, where rising crude oil prices typically result in higher capital expenditure.

The following graph illustrates the movement of the Brent crude oil price from 2010 to May 2020:



Source: World Bank

## **12. FINANCIAL INFORMATION (Cont'd)**

As an illustration, during the period of high oil prices and high exploration activities, the demand for offshore support services by international drilling contractors would increase as new drilling rigs are activated.

During the period of low oil prices, international drilling contractors would focus on maintenance activities where capital expenditure costs are minimised. Thus, the pricing and rates for our products and services may vary under the abovementioned price environments.

Other than describe above, there were no exceptional or extraordinary items during the FYEs 2016 to 2019. Our audited financial statements for the FYEs 2016 to 2019 were not subject to any audit qualifications.

### **12.10 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 financial years 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 9 of this Prospectus.

### **12.11 IMPACT OF INFLATION**

Our Group 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.

### **12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES**

#### **12.12.1 Impact of foreign exchange rates**

We are exposed to transactional currency exposure as approximately 20.77%, 17.76%, 4.60% and 18.32% of our revenues were denominated in USD, BND and SGD for FYEs 2016, 2017, 2018 and 2019 respectively. Our Group's GP margin is therefore affected by the foreign currencies exchange rate fluctuation.

An appreciation of the RM against the USD may ultimately affect our revenue. This may adversely affect our financial performance as it would reduce our GP margin.

We maintain foreign currency accounts arising from our sales to settle our purchases in foreign currency. Our Group mitigates the foreign exchange risk through a natural hedge via operating foreign currency accounts using payment received from our sales to pay expenses.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.12.2 Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with EBIT. The interest coverage ratio for the financial years under review is as follows:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
EBIT	3,715	4,611	7,078	9,239
Finance cost	100	89	75	103
Interest coverage ratio (times) <sup>(1)</sup>	37.15	51.81	94.37	89.70

**Note:**

<sup>(1)</sup> Computed based on EBIT over finance costs for the FYE 2016 to 2019.

Our interest coverage ratio of between 37.15 times to 94.37 times for the FYE 2016 to 2019 indicates that our Group has been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our Group's financial results for the FYE 2016 to 2019 were not materially affected by fluctuations in interest rates. However, major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

### 12.12.3 Impact of commodity prices

Our Group is exposed to fluctuation in the prices of materials, particularly on steel. Presently, although there are various sources of local and foreign supply of steel, their prices may fluctuate and such fluctuation may affect our financial performance.

Nonetheless, it is our practice to find multiple sources of supply to obtain competitive prices. Some of our purchases of materials are made upon receipt of confirmed orders from our customers to minimise the impact of any adverse price fluctuations in our main materials.

Our suppliers regularly keep us abreast of the supply condition and price trend of our main materials to ensure that we are aware and are prepared for increase in prices of materials.

### 12.13 ORDER BOOK

Due to the nature of our business, we do not maintain an order book. We generate our revenue as and when we deliver our services and products based on purchase orders received.

### 12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(i) Our Group's revenue will remain sustainable with an upward growth trend, in line with the growth outlook of the O&G industry as set out in the IMR Report in Section 8;

## **12. FINANCIAL INFORMATION (Cont'd)**

- (ii) Our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for us to carry out our future plans as stated in Section 7.21; and
- (iii) Our capital resources will strengthen, taking into account the amount to be raised from the IPO as well as internally generated funds. We may consider debt funding for our business expansion should the need arises.

There are no known circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

### **12.15 TREND INFORMATION**

Based on our track record for the past years under review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (i) For the past financial years, an average 32.92% and average 54.26% of our revenue was derived from EPC and project management and supply of manpower. We expect the EPC and project management and supply of manpower to continue contributing significantly to our revenue in the future;
- (ii) For the past financial years, average 81.78% of our revenue was derived locally. We expect this trend to continue in the future;
- (iii) For the past financial years, the main component of our cost of sales was subcontractors' fees, which constituted average 61.22% of total cost of sales. We expect this trend to continue.
- (iv) Due to the recent outbreak of Covid-19, the Government has imposed the MCO throughout Malaysia which took effect from 18 March 2020 to 3 May 2020, CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 August 2020 to combat the rise of Covid-19 cases in the country. The MCO has halted most of the economic sectors and activities, especially those operating in non-essential services.

Globally, as a result of Covid-19, Brent crude oil prices have fallen by almost two-thirds to USD23.34 per barrel in April 2020 from the USD65.85 per barrel in December 2019. In May 2020, Brent crude oil prices rose slightly to USD31.02 per barrel. Transport disruptions and an economic decline have weakened demand for crude oil. Despite the decline in global oil prices, Our Group has yet to be negatively impacted. However, it is still early to fully assess the impact of Covid-19 on Malaysia's offshore oilfield services industry. Any sustained decline in demand for crude oil could result in lower activities, possible project deferments or cancellations and increased margin pressures across the board in all value chains within the O&G industry in the short term. There is potentially an increased risk of delay in contract awards and activities within the upstream space in 2020 as Malaysia has committed to a production cut.

During the initial period of MCO, we faced some disruption that affected our delivery coordination and transportation as certain suppliers were not able to fully operate their businesses during this period. Subsequent to PETRONAS issuing a statement on its position that O&G, production, refining, storage, supply and distribution of fuel and lubricants are considered essential services and all operations falling within the above essential services including all support services should continue, our Group was able to resume coordinating delivery and transportation of materials from our suppliers.

## **12. FINANCIAL INFORMATION (Cont'd)**

Apart from the temporary delay from certain suppliers for our supply of materials, tools and equipment which have since been resolved, our Group operations did not encounter any major disruptions throughout the period of MCO and CMCO. As at LPD, we have not received any indication of or requests from our customers for the deferment or cancellation/termination of existing works/projects.

Our Group has yet to be negatively impacted by the Covid-19 outbreak and the MCO (CMCO and RMCO). However, our Group is unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 as the situation is still evolving and the uncertainty of the outcome of the current events. Local and worldwide measures against the spread of Covid -19 will have an impact on our financial performance. Our Group will continuously monitor the impact of Covid-19 on our operations and financial performance. Our Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on our Group's operations

As at LPD, 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 7.13, 9.1.4, 12.2, 12.9 and 12.12;
- (b) Material commitments for capital expenditure;
- (c) 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 Sections 7.13, 9.1.4, 12.2, 12.9 and 12.12;
- (d) 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 7.13, 9.1.4, 12.2, 12.9 and 12.12; and
- (e) 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 7.13, 9.1.4, 12.2, 12.9 and 12.12.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths set out in Section 7.20 and our Group's intention to implement the business strategies as set out in Section 7.21.

### **12.16 DIVIDEND POLICY**

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans,

## 12. FINANCIAL INFORMATION (Cont'd)

business expansion plans and other factors that their respective boards of directors deem relevant.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Our Group declared dividends for FYE 2017 amounting to RM1.80 million and was paid in FYE 2018. In FYE 2019, our Group declared and paid dividends amounting to RM1.50 million. No dividend was declared or paid out for FYE 2016 and FYE 2018.

### 12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

- (i) Based on the latest unaudited financial information as at 4 May 2020; and
- (ii) After adjusting for the effects of Public Issue and utilisation of proceeds.

	OVH	I	II
	As at 4 May 2020 <sup>(1)</sup>	After the Public Issue	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
<b>Capitalisation</b>			
Shareholders' equity	24,473	45,845	36,477
<b>Total capitalisation</b>	<b>24,473</b>	<b>45,845</b>	<b>36,477</b>
<b>Indebtedness<sup>(2)</sup></b>			
<i>Current</i>			
Term loans	25	25	25
Finance lease liabilities	62	62	62
Bankers' acceptances	120	120	120
<i>Non-current</i>			
Term loans	1,407	1,407	1,407
Finance lease liabilities	27	27	27
<b>Total indebtedness</b>	<b>1,641</b>	<b>1,641</b>	<b>1,641</b>
<b>Total capitalisation and indebtedness</b>	<b>26,114</b>	<b>47,486</b>	<b>38,118</b>
<b>Gearing ratio<sup>(3)</sup>(times)</b>	<b>0.07</b>	<b>0.04</b>	<b>0.04</b>

#### Notes:

- (1) The acquisition of OVE and OVIT was completed on 12 February 2020.
- (2) All of our indebtedness are secured.
- (3) Calculated based on the total indebtedness divided by the total capitalisation.

### 13. ACCOUNTANTS' REPORT



4 June 2020

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA)  
Chartered Accountants (AF 0117)  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur, Malaysia

T : +603 2297 1000  
F : +603 2282 9980

The Board of Directors  
**Ocean Vantage Holdings Berhad**  
No. 7-1 Jalan 109F  
Plaza Danau 2, Taman Danau Desa  
58100 Kuala Lumpur  
W.P. Kuala Lumpur

[info@bakertilly.my](mailto:info@bakertilly.my)  
[www.bakertilly.my](http://www.bakertilly.my)

Dear Sirs,

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**Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Ocean Vantage Holdings Berhad**

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#### **Opinion**

We have audited the accompanying combined financial statements of Ocean Vantage Holdings Berhad, as defined in Note 2 to the combined financial statements (the "Group"), which comprise of the combined statements of financial position as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 5 to 94.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of Ocean Vantage Holdings Berhad gives a true and fair view of the combined financial positions of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 and of its financial performance and its cash flows for the financial years then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and paragraph 10.05 of Chapter 10, Part II Division I: Equity of the Prospectus Guideline as issued by the Securities Commission.

#### **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 Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report.

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) (AF 0117) was registered on 05.03.2019 and with effect from that date, Baker Tilly Monteiro Heng (AF 0117), a conventional partnership was converted to a limited liability partnership.

Baker Tilly Monteiro Heng PLT is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.

**13. ACCOUNTANTS' REPORT (Cont'd)**



**OCEAN VANTAGE HOLDINGS BERHAD**

Accountants' Report

**Independence and Other Ethical Responsibilities**

We are independent of the Group 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' Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Directors for the Combined Financial Statements**

The directors of Ocean Vantage Holdings Berhad are responsible for the preparation of the combined financial statements contained in the Accountants' Report of Ocean Vantage Holdings Berhad, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, 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.

The directors of Ocean Vantage Holdings Berhad are responsible for overseeing the Group's financial reporting process.

**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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 combined financial statements.

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

- identify and assess the risks of material misstatement of the combined financial statements of the Group, 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.

### **13. ACCOUNTANTS' REPORT (Cont'd)**



**OCEAN VANTAGE HOLDINGS BERHAD**

Accountants' Report

#### **Reporting Accountants' Responsibilities for the Audit of Combined Financial Statements (continued)**

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Other Reporting Responsibility**

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the SC, we report that the significant subsequent events identified by the Group since 31 December 2019, the reporting date of the most recent audited combined financial statements to the date of this report, are as disclosed in Note 27 to the combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**



**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

**Other Matters**

This report is made solely to the board of directors of Ocean Vantage Holdings Berhad and has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission of Malaysia and for inclusion in the Prospectus of Ocean Vantage Holdings Berhad in connection with the listing and quotation of the entire issued and paid-up share capital of Ocean Vantage Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purposes. We do not assume responsibility to any other persons for the content of this report.

A handwritten signature in black ink, appearing to read 'Baker Tilly Monteiro Heng PLT'.

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Dato' Lock Peng Kuan'.

Dato' Lock Peng Kuan  
No. 02819/10/2020 J  
Chartered Accountant

Kuala Lumpur

Date: 4 June 2020

**13. ACCOUNTANTS' REPORT (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

**STATEMENT BY DIRECTORS**

We, **KENNY RONALD NGALIN** and **YAU KAH TAK**, being two of the directors of OCEAN VANTAGE HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 and of its financial performance and cash flows for the financial years then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

  
.....  
**KENNY RONALD NGALIN**  
Director

  
.....  
**YAU KAH TAK**  
Director

Puchong

Date: 4 June 2020

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31 December				
		2016 RM	2017 RM	2018 RM	2019 RM	
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	5	4,503,748	4,126,138	4,415,546	7,536,367	
Other investment	6	644,873	-	-	-	
<b>Total non-current assets</b>		<b>5,148,621</b>	<b>4,126,138</b>	<b>4,415,546</b>	<b>7,536,367</b>	
<b>Current assets</b>						
Trade and other receivables	7	52,297,184	11,707,420	15,725,686	18,941,182	
Current tax assets		5,500	6,000	12,000	6,000	
Cash and bank balances	8	525,540	2,646,628	1,192,576	2,314,143	
<b>Total current assets</b>		<b>52,828,224</b>	<b>14,360,048</b>	<b>16,930,262</b>	<b>21,261,325</b>	
<b>TOTAL ASSETS</b>		<b>57,976,845</b>	<b>18,486,186</b>	<b>21,345,808</b>	<b>28,797,692</b>	
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the Group</b>						
Invested equity	9	1,600,000	1,600,000	1,600,000	1,600,010	
Reserves	10	590,043	2,335,967	2,335,967	2,335,967	
Retained earnings		6,102,560	9,122,573	12,495,935	17,906,498	
<b>TOTAL EQUITY</b>		<b>8,292,603</b>	<b>13,058,540</b>	<b>16,431,902</b>	<b>21,842,475</b>	
<b>Non-current liabilities</b>						
Loans and borrowings	11	1,582,823	1,468,694	1,434,500	1,448,401	
Lease liabilities	12	-	-	-	178,843	
Deferred tax liabilities	13	117,703	49,109	166,422	423,333	
<b>Total non-current liabilities</b>		<b>1,700,526</b>	<b>1,517,803</b>	<b>1,600,922</b>	<b>2,050,577</b>	
<b>Current liabilities</b>						
Loans and borrowings	11	480,924	376,283	41,131	102,939	
Lease liabilities	12	-	-	-	142,119	
Current tax liabilities		820,640	1,224,557	748,508	449,287	
Trade and other payables	14	46,682,152	2,309,003	2,523,345	4,210,295	
<b>Total current liabilities</b>		<b>47,983,716</b>	<b>3,909,843</b>	<b>3,312,984</b>	<b>4,904,640</b>	
<b>TOTAL LIABILITIES</b>		<b>49,684,242</b>	<b>5,427,646</b>	<b>4,913,906</b>	<b>6,955,217</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,976,845</b>	<b>18,486,186</b>	<b>21,345,808</b>	<b>28,797,692</b>	

The accompanying notes form an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**Accountants' Report**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	As at 31 December			
		2016 RM	2017 RM	2018 RM	2019 RM
<b>Revenue</b>	15	17,645,442	24,008,892	30,492,378	58,284,131
<b>Cost of sales</b>		(11,034,221)	(14,301,573)	(18,880,677)	(43,495,638)
<b>Gross profit</b>		6,611,221	9,707,319	11,611,701	14,788,493
<b>Other income</b>	16	87,534	120,425	129,348	377,476
<b>Administrative expenses</b>		(2,983,714)	(5,193,962)	(4,656,058)	(5,914,681)
<b>Operating profit</b>		3,715,041	4,633,782	7,084,991	9,251,288
<b>Finance costs</b>	17	(100,296)	(88,812)	(74,701)	(103,356)
<b>Profit before tax</b>	18	3,614,745	4,544,970	7,010,290	9,147,932
<b>Income tax expense</b>	20	(905,259)	(1,524,957)	(1,836,928)	(2,230,969)
<b>Profit for the financial year</b>		2,709,486	3,020,013	5,173,362	6,916,963
<b>Other comprehensive loss, net of tax</b>	21				
<i>Items that may be reclassified subsequently to profit or loss</i>					
<b>Fair value loss of available-for-sale financial assets</b>		(11,876)	(26,769)	-	-
<b>Other comprehensive loss for the financial year</b>		(11,876)	(26,769)	-	-
<b>Total comprehensive income for the financial year</b>		2,697,610	2,993,244	5,173,362	6,916,963

The accompanying notes form an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF CHANGES IN EQUITY**

Note	Attributable to owners of the Group					Total equity RM
	Invested equity RM	Available- for-sale reserve RM	Share option reserve RM	Other reserve RM	Retained earnings RM	
<b>At 1 January 2016</b>	1,600,000	38,645	563,274	-	3,393,074	5,594,993
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year	-	-	-	-	2,709,486	2,709,486
Other comprehensive loss for the financial year	-	(11,876)	-	-	-	(11,876)
<b>Total comprehensive income</b>	-	(11,876)	-	-	2,709,486	2,697,610
<b>At 31 December 2016</b>	1,600,000	26,769	563,274	-	6,102,560	8,292,603
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year	-	-	-	-	3,020,013	3,020,013
Other comprehensive loss for the financial year	-	(26,769)	-	-	-	(26,769)
<b>Total comprehensive income</b>	-	(26,769)	-	-	3,020,013	2,993,244
<b>Transaction with owners</b>						
Share-based payment	10(b)	-	1,772,693	-	-	1,772,693
<b>At 31 December 2017</b>	1,600,000	-	2,335,967	-	9,122,573	13,058,540

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
**Accountants' Report****COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Note	Attributable to owners of the Group					Total equity RM
		Invested equity RM	Available- for-sale reserve RM	Share option reserve RM	Other reserve RM	Retained earnings RM	
<b>At 1 January 2018</b>		1,600,000	-	2,335,967	-	9,122,573	13,058,540
<b>Total comprehensive income for the financial year</b>							
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	5,173,362	5,173,362
<b>Total comprehensive income</b>		-	-	-	-	5,173,362	5,173,362
<b>Transaction with owners</b>							
Share option issued	10	-	-	(2,335,967)	2,335,967	-	-
Dividend paid on shares	22	-	-	-	-	(1,800,000)	(1,800,000)
<b>Total transaction with owners</b>		-	-	(2,335,967)	2,335,967	(1,800,000)	(1,800,000)
<b>At 31 December 2018</b>		1,600,000	-	-	2,335,967	12,495,935	16,431,902
<b>Total comprehensive income for the financial year</b>							
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	6,916,963	6,916,963
<b>Total comprehensive income</b>		-	-	-	-	6,916,963	6,916,963
<b>Transaction with owners</b>							
Dividend paid on shares	22	-	-	-	-	(1,500,000)	(1,500,000)
Common control established	10	-	-	-	-	(6,400)	(6,390)
<b>Total transaction with owners</b>		10	-	-	-	(1,506,400)	(1,506,390)
<b>At 31 December 2019</b>		1,600,010	-	-	2,335,967	17,906,498	21,842,475

The accompanying notes form an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
**Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS**

		<b>As at 31 December</b>			
	<b>Note</b>	<b>2016</b> <b>RM</b>	<b>2017</b> <b>RM</b>	<b>2018</b> <b>RM</b>	<b>2019</b> <b>RM</b>
<b>Cash flows from operating activities</b>					
Profit before tax		3,614,745	4,544,970	7,010,290	9,147,932
Adjustments for:					
Depreciation of property, plant and equipment		422,465	401,454	424,912	812,323
Loss on disposal of property, plant and equipment		-	7,500	-	-
Gain on disposal of available-for-sale investment		(7,445)	(68,055)	-	-
Finance costs		100,296	88,812	74,701	103,356
Interest income		(767)	(22,779)	(7,021)	(11,859)
Investment income		(11,924)	-	-	-
Net unrealised (gain)/loss on foreign exchange		(66,137)	249,231	(42,655)	(165,452)
Share-based payment		-	1,772,693	-	-
<b>Operating profit before changes in working capital</b>		<b>4,051,233</b>	<b>6,973,826</b>	<b>7,460,227</b>	<b>9,886,300</b>
<b>Changes in working capital:</b>					
Trade and other receivables		(31,630,652)	40,250,839	(4,222,383)	(3,189,153)
Trade and other payables		29,686,416	(44,055,032)	212,537	1,686,950
Net cash generated from operations		<b>2,106,997</b>	<b>3,169,633</b>	<b>3,450,381</b>	<b>8,384,097</b>
Income tax refunds		-	-	-	12,000
Income tax paid		(741,629)	(1,190,134)	(2,201,664)	(2,279,279)
Interest received		767	22,779	7,021	11,859
<b>Net cash from operating activities</b>		<b>1,366,135</b>	<b>2,002,278</b>	<b>1,255,738</b>	<b>6,128,677</b>
<b>Cash flows from investing activities</b>					
Investment income		11,924	-	-	-
Purchase of property, plant and equipment	(a)	(1,062,243)	(33,844)	(714,320)	(3,305,377)
Proceeds from disposal of property, plant and equipment		-	2,500	-	-
Proceeds from disposal of other investment		219,107	670,592	-	-
Common control established		-	-	-	(6,390)
<b>Net cash (used in)/from investing activities</b>		<b>(831,212)</b>	<b>639,248</b>	<b>(714,320)</b>	<b>(3,311,767)</b>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**

		As at 31 December			
	Note	2016 RM	2017 RM	2018 RM	2019 RM
<b>Cash flows from financing activities</b>	(b)				
Dividends paid		-	-	(1,800,000)	(1,500,000)
Interest paid		(100,296)	(88,812)	(74,701)	(103,356)
Repayment of term loans		(29,101)	(32,125)	(29,902)	(33,726)
Repayment of finance lease liabilities		(164,501)	(129,754)	(80,444)	(14,665)
Drawdown of bankers' acceptance		315,891	-	-	-
Repayment of bankers' acceptance		-	(56,891)	(259,000)	-
Repayment of lease liabilities		-	-	-	(182,705)
Net changes in amount owing by/to a director		(228,534)	(651,129)	198,756	128,721
Net changes in amount owing to related parties		(695,784)	438,729	-	4,000
Net cash used in financing activities		<u>(902,325)</u>	<u>(519,982)</u>	<u>(2,045,291)</u>	<u>(1,701,731)</u>
Net (decrease)/increase in cash and cash equivalents		(367,402)	2,121,544	(1,503,873)	1,115,179
<b>Cash and cash equivalents at the beginning of the financial years</b>		993,238	525,540	2,646,628	1,192,576
Effect of exchange rate changes		(100,296)	(456)	49,821	6,388
<b>Cash and cash equivalents at the end of the financial years</b>	8	<u>525,540</u>	<u>2,646,628</u>	<u>1,192,576</u>	<u>2,314,143</u>

(a) Purchase of property, plant and equipment:

		FYE 31 December			
	Note	2016 RM	2017 RM	2018 RM	2019 RM
Purchase of property, plant and equipment	5	1,062,243	33,844	714,320	3,429,477
Financed by way of finance lease arrangements		-	-	-	(124,100)
Cash payments on purchase of property, plant and equipment		<u>1,062,243</u>	<u>33,844</u>	<u>714,320</u>	<u>3,305,377</u>

(b) Changes in liabilities arising from financing activities comprise of net cash flows from the dividend paid, interest paid, repayment of term loans, bankers' acceptance, finance lease liabilities, lease liabilities, net repayment from amounts owing by/to a director and related parties during the financial year. There were no non-cash changes in liabilities arising from financing activities.

The accompanying notes form an integral part of these combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

Ocean Vantage Holdings Berhad was incorporated on 10 October 2018 as a private limited liability company, and is domiciled in Malaysia. Ocean Vantage Holdings Berhad was converted to a public company limited by shares and assumed its present name on 10 April 2019. The registered office of Ocean Vantage Holdings Berhad is located at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia. The principal place of business of the Ocean Vantage Holdings Berhad is located at Lot 5570, 1st Floor, Jalan Desa Pujut, Desa Pujut Shophouse, Pusat Bandar Permyjaya, 98100 Miri, Sarawak.

The principal activity of Ocean Vantage Holdings Berhad is investment holding. The details of the combined entities are as follows:

Combined entities	Principal place of business/ country of incorporation	Principal activities
Ocean Vantage Engineering Sdn. Bhd.	Malaysia	Provision of offshore and onshore project management, engineering, procurement and construction ("EPC"), supply of manpower, materials, tools, and equipment and drilling rig charter services
Ocean Vantage Inspection Testing Sdn. Bhd.	Malaysia	Provision of non-destructive testing ("NDT") services

There have been no significant changes in the nature of these activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 4 June 2020.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION**

The combined financial statements of the Ocean Vantage Holdings Berhad (as defined herein) for the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 have been prepared pursuant to the listing and quotation of the entire issued and paid-up share capital of Ocean Vantage Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad which consist of the financial statements of the following entities under common control (collectively hereinafter referred to as "Ocean Vantage Holdings Berhad" or the "Group") for each of the financial years:

<b>Entities Under Common Control</b>	<b>FYE 31 December</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Ocean Vantage Holdings Berhad	*	*	#	✓, ^
Ocean Vantage Engineering Sdn. Bhd.	✓, @	✓, @	✓, ^	✓, ^
Ocean Vantage Inspection Testing Sdn. Bhd.	✓, @	✓, @	✓, ^	✓, ^

- ✓ *The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years.*
- \* *No financial statements available for Ocean Vantage Holdings Berhad as the company was incorporated on 10 October 2018.*
- # *Common control not established as at financial year ended 31 December 2018.*
- @ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which was lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.*
- ^ *The combined financial statements of the Group for the respective financial years have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*

The audited financial statements of all the operating entities within the Group for the relevant years reported above were not subject to any modifications.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

##### **2.1 Statement of Compliance**

The combined financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")**

The Group has adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

**New MFRS**

MFRS 16      Leases

**Amendments/improvements to MFRSs**

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowings Costs
MFRS 128	Investments in Associates and Joint Ventures

**New IC Int**

IC Int 23      Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the combined financial statements of the Group and did not result in significant changes to the Group's existing accounting policies, except for those as discussed below.

***MFRS 16 Leases***

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its combined statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its combined statements of financial position except for short-term and low value asset leases.

On initial application of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On application of this standard, the Group are required to capitalise their rented premises and vacant land on the combined statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

###### **2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)**

###### ***MFRS 16 Leases (continued)***

The Group adopted MFRS 16 using the modified retrospective method of adoption. The effect of the transition on current period has been disclosed. The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contract entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

The Group presented its right-of-use assets as part of the "property, plant and equipment" in the statements of financial position. The related lease liabilities were presented as separate line items in combined statements of financial position.

###### **Impact of the adoption of MFRS 16**

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the combined financial statements. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

###### **(i) Classification and measurement**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On initial application of this standard, for most leases, the Group:

- recognised the right-of-use assets and lease liabilities in the combined statements of financial position, initially measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year;
- separated the total amount of cash paid into a principal portion and interest (presented within financing activities) in the combined statements of cash flows for the current financial year.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

###### **2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)**

###### ***MFRS 16 Leases (continued)***

###### **Impact of the adoption of MFRS 16 (continued)**

###### **(i) Classification and measurement (continued)**

###### ***For leases that were classified as operating lease under MFRS 117***

The right-of-use assets are measured at either:

- (a) their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- (b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all other leases.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117.

- (a) applied a single discount rate to a portfolio of leases with similar characteristics.
- (b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- (c) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application.
- (d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- (e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

###### ***For leases that were classified as finance lease under MFRS 117***

The Group had recognised the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 which determined at the carrying amount of the lease asset and finance lease liability under MFRS 117 immediately before the date of initial application.

For those leases, the Group account for the right-of-use asset and the lease liability applying this Standard from the date of initial application.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)*****MFRS 16 Leases (continued)*****Impact of the adoption of MFRS 16 (continued)****(ii) Short-term lease and low value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of MFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

For those leases previously classified as finance leases, the right-of-use assets and lease liabilities are measured at the date of initial application at the same amounts as under MFRS 117 immediately before the date of initial application.

The following reconciliation of the financial statement line items from MFRS 117 to MFRS 16 at 1 January 2019:

	Carrying amount at 31 December 2018	Remeasurement	MFRS 16 carrying amount at 1 January 2019
	RM	RM	RM
Property, plant and equipment	4,415,546	503,667	4,919,213
Lease liabilities	-	(503,667)	(503,667)

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS, amendments/improvements to MFRSs and amendments to IC Int that have been issued, but yet to be effective**

(a) The Group has not adopted the following new MFRS, amendments/improvements to MFRSs and amendments of IC Int that have been issued, but yet to be effective:

		<b>Effective for financial periods beginning on or after</b>
<b>New MFRS</b>		
MFRS 17	Insurance Contracts	1 January 2021
<b>Amendments/Improvements to MFRSs</b>		
MFRS 1	First-time Adoption of MFRSs	1 January 2021 <sup>#</sup>
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 <sup>#</sup>
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2021 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020*
MFRS 116	Property, Plant and Equipment	1 January 2021 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2021 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2021 <sup>#</sup>
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021 <sup>#</sup>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS, amendments/improvements to MFRSs and amendments to IC Int that have been issued, but yet to be effective (continued)**

		<b>Effective for financial periods beginning on or after</b>
<b>Amendments to IC Int</b>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

\* Amendments to References to the Conceptual Framework in MFRSs

# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

(b) The Group plans to adopt the above applicable new MFRS, amendments/improvements to MFRSs and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRS, amendments/improvements to MFRSs and amendments to IC Int are summarised below.

***MFRS 17 Insurance Contracts***

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at:

- (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus
- (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

***Amendments to MFRS 3 Business Combinations***

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

###### **2.3 New MFRS, amendments/improvements to MFRSs and amendments to IC Int that have been issued, but yet to be effective (continued)**

###### ***Amendments to MFRS 9 Financial Instruments***

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

###### ***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

###### ***Amendments to MFRS 119 Employee Benefits***

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability/(asset).

###### ***Amendments to MFRS 128 Investments in Associates and Joint Ventures***

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

###### **2.3 New MFRS, amendments/improvements to MFRSs and amendments to IC Int that have been issued, but yet to be effective (continued)**

###### ***Amendments to References to the Conceptual Framework in MFRSs***

The Malaysian Accounting Standards Board has issued a revised *Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the MFRSs Framework on 30 April 2018.

The revised *Conceptual Framework* comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised *Conceptual Framework* include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

###### ***Amendments as to the consequence of effective of MFRS 17 Insurance Contracts***

The amendments to the sixteen Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 128, MFRS 132, MFRS 136, MFRS 137, MFRS 138 and MFRS 140.

(c) The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, and amendments to IC Int.

##### **2.4 Functional and presentation currency**

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, unless otherwise stated.

##### **2.5 Basis of measurement**

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **2. BASIS OF PREPARATION (CONTINUED)**

###### **2.6 Use of estimates and judgement**

The preparation of combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the combined financial statements are disclosed in Note 4.

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the combined financial statements of the Group.

###### **3.1 Basis of combination**

The combined financial statements of the Group comprise the financial statements of Ocean Vantage Engineering Sdn. Bhd. and Ocean Vantage Inspection Testing Sdn. Bhd.. The financial statements used in the preparation of the combined financial statement are prepared for the same reporting date as Ocean Vantage Holdings Berhad. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the combined financial statements of the Group is a continuation of the Group and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** **Accountants' Report**

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.1 Basis of combination (continued)**

###### **(a) Business combination**

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of combining entities are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the combining entities is taken to merger reserve or merger deficit.

###### **(b) Transactions eliminated on combination**

Inter-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

###### **3.2 Foreign currency transactions and operations**

###### **Translation of foreign currency transactions**

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments**

Financial instruments are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contract provisions of the financial instrument.

###### Accounting policies applied from 1 January 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

###### **(a) Subsequent measurement**

The Group categorises the financial instruments as follows:

###### **(i) Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

Accounting policies applied from 1 January 2018 (continued)

###### **(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows:

###### **(i) Financial assets (continued)**

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

###### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies their debt instruments:

- Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.7(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.7(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD**

#### Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **3.3 Financial instruments (continued)**

Accounting policies applied from 1 January 2018 (continued)

###### **(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows:

###### **(i) Financial assets (continued)**

###### Debt instruments (continued)

- Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

###### Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

Accounting policies applied from 1 January 2018 (continued)

###### **(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows:

###### **(ii) Financial liabilities**

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

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

###### Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

###### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

###### **(b) Financial guarantee contracts**

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

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

###### Accounting policies applied from 1 January 2018 (continued)

###### **(b) Financial guarantee contracts (continued)**

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

###### **(c) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits itself to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

###### **(d) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

###### Accounting policies applied from 1 January 2018 (continued)

###### **(d) Derecognition (continued)**

The Group evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

###### **(e) Offsetting of financial instruments**

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

###### Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at FVPL, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as FVPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

###### **(a) Subsequent measurement**

The Group categorises the financial instruments as follows:

###### **(i) Financial assets**

###### Financial assets at FVPL

Financial assets are classified as financial assets at FVPL when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

###### Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(a). Gains and losses are recognised in profit or loss through the amortisation process.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

Accounting policies applied until 31 December 2017 (continued)

###### **(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows:

###### **(i) Financial assets (continued)**

###### Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(a). Gains and losses are recognised in profit or loss through the amortisation process.

###### Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**  
**Accountants' Report**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

Accounting policies applied until 31 December 2017 (continued)

**(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows:

**(i) Financial assets (continued)**

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(a).

**(ii) Financial liabilities**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

**(b) Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

**(c) Regular way purchase or sale of financial assets**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.3 Financial instruments (continued)**

Accounting policies applied until 31 December 2017 (continued)

###### **(d) Derecognition**

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

###### **(e) Offsetting of financial instruments**

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

###### **3.4 Property, plant and equipment**

###### **(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4 Property, plant and equipment (continued)****(b) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

**(c) Depreciation**

Freehold land has an unlimited useful life and therefore is not depreciated.

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	<b>Useful lives (years)</b>
Building	50
Computer and software	5
Furniture and fittings	10
Machinery	10
Motor vehicles	5
Office equipment	10
Renovation	10
Signboard	10
Tools and equipment	10
Right-of-use	1 to 10

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

**(d) Derecognition**

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

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.5 Leases**

###### Accounting policies applied from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

###### Accounting policies applied until 31 December 2018

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

###### **(a) Lessee accounting**

###### Accounting policies applied from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets that do not meet the definition of property, plant and equipment in Note 5 and lease liabilities in Note 12.

###### Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD**

##### Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.5 Leases (continued)**

###### **(a) Lessee accounting (continued)**

Accounting policies applied from 1 January 2019 (continued)

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(b).

###### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.5 Leases (continued)**

###### **(a) Lessee accounting (continued)**

Accounting policies applied from 1 January 2019 (continued)

###### Lease liability (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

###### Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.5 Leases (continued)**

**(a) Lessee accounting (continued)**

Accounting policies applied until 31 December 2018

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

**(b) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.5 Leases (continued)**

###### **(b) Lessor accounting (continued)**

When the Group is intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(a), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the combined statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group apply MFRS 15 to allocate the consideration under the contract to each component

###### **3.6 Cash and cash equivalents**

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash in hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

###### **3.7 Impairment of assets**

###### **(a) Impairment of financial assets**

###### Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.7 Impairment of assets (continued)**

###### **(a) Impairment of financial assets (continued)**

###### Accounting policies applied from 1 January 2018 (continued)

The Group measures loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.7 Impairment of assets (continued)**

###### **(a) Impairment of financial assets (continued)**

###### Accounting policies applied from 1 January 2018 (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

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

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.7 Impairment of assets (continued)**

###### **(a) Impairment of financial assets (continued)**

###### Accounting policies applied from 1 January 2018 (continued)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the combined statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

###### Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as FVPL) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

###### Loans and receivables and held-to-maturity investments

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD**

#### Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **3.7 Impairment of assets (continued)**

###### **(a) Impairment of financial assets (continued)**

###### Accounting policies applied until 31 December 2017 (continued)

###### Loans and receivables and held-to-maturity investments (continued)

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If a write-off is later recovered, the recovery is credited to the profit or loss.

###### Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group uses its judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.7 Impairment of assets (continued)**

###### **(a) Impairment of financial assets (continued)**

###### Accounting policies applied until 31 December 2017 (continued)

###### Available-for-sale financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

###### **(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGU").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.7 Impairment of assets (continued)**

###### **(b) Impairment of non-financial assets (continued)**

Impairment losses are recognised in profit or loss.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

###### **3.8 Equity instruments**

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

###### **3.9 Employee benefits**

###### **(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

###### **(b) Defined contribution plans**

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.10 Share-based payments**

###### **Equity-settled share-based payment**

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 10.

The fair value determined at the grant date of the equity-settled share-based payments is expensed off based on the Group's estimate of equity instruments that will eventually vest.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Group obtains the goods or the counterparty renders the service.

###### **3.11 Revenue and other income**

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **OCEAN VANTAGE HOLDINGS BERHAD**

#### Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.11 Revenue and other income (continued)**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

###### **(a) Sales of goods**

Revenue from sales of goods is recognised at the point in time when the control of goods and products is transferred to customers with a right of return within a specified period.

###### **(b) Rendering of services**

Revenue from services are recognised over time upon performance of service.

###### **(c) Interest income**

Interest income is recognised using the effective interest method.

###### **(d) Commission income**

Commission income is received upon the services rendered.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.12 Borrowing costs**

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

###### **3.13 Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

###### **(a) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

###### **3.13 Income tax (continued)**

###### **(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount in the combined statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD**

##### Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.14 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

#### **3.15 Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

#### **4.1 Depreciation and useful lives of property, plant and equipment**

As disclosed in Note 3.4(c), the Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment are disclosed in Note 5.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

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

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's financial assets are disclosed in Note 23(b).

###### **4.3 Measurement of income taxes**

Significant judgement is required in determining the Group's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expenses of the Group are disclosed in Note 20.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.4 Share-based payments**

The owner of the Group granted share options to certain employees of the Group for the purpose of recognising their contribution in the Group. The share options granted are measured at fair value at grant date using a binomial option pricing model. The key assumptions or inputs used in the binomial option pricing model include: (a) the current price, (b) the exercise price, (c) the risk-free rate, (d) the volatility of the share price (e) the dividend yield and (f) the time period to maturity. The volatility share price is estimated based on professional valuation of the Group and the share options. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

The carrying amount of share option reserve and assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 10.

**4.5 Impairment of non-financial assets**

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group uses its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected

The carrying amounts of the non-financial assets are disclosed in Note 5.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land		Building		Computer and software		Furniture and fittings		Machinery		Motor vehicles		Office equipment		Renovation		Signboard		Tools and equipment		Total	
	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>2016</b>																						
<b>Cost</b>																						
At 1 January 2016		1,000,000	1,258,948		180,328		79,022	1,071,952		491,076		103,065		332,443		12,672		26,184		4,555,690		
Additions		-	-	-	-	-	-	1,050,663	-	-	11,580	-	-	-	-	-	-	-	-	1,062,243		
At 31 December 2016		1,000,000	1,258,948		180,328		79,022	2,122,615		491,076		114,645		332,443		12,672		26,184		5,617,933		
<b>Accumulated depreciation</b>																						
At 1 January 2016		-	50,358		87,067		20,487	196,938		219,936		23,983		82,482		4,400		6,069		691,720		
Depreciation charge for the financial year	18	-	25,179		35,114		7,902	212,261		93,415		11,465		33,244		1,267		2,618		422,465		
At 31 December 2016		-	75,537		122,181		28,389	409,199		313,351		35,448		115,726		5,667		8,687		1,114,185		
<b>Carrying amount</b>																						
At 1 January 2016		1,000,000	1,208,590		93,261		58,535	875,014		271,140		79,082		249,961		8,272		20,115		3,865,970		
At 31 December 2016		1,000,000	1,183,411		58,147		50,633	1,713,416		177,725		79,197		216,717		7,005		17,497		4,503,748		

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Freehold land RM	Building RM	Computer and software RM	Furniture and fittings RM	Machinery RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
<b>2017</b>												
<b>Cost</b>												
At 1 January 2017		1,000,000	1,258,948	180,328	79,022	2,122,615	491,076	114,645	332,443	12,672	26,184	5,617,933
Additions		-	-	32,722	-	-	-	1,122	-	-	-	33,844
Disposals		-	-	-	-	-	(25,000)	-	-	-	-	(25,000)
At 31 December 2017		1,000,000	1,258,948	213,050	79,022	2,122,615	466,076	115,767	332,443	12,672	26,184	5,626,777
<b>Accumulated depreciation</b>												
At 1 January 2017	18	-	75,537	122,181	28,389	409,199	313,351	35,448	115,726	5,667	8,687	1,114,185
Depreciation charge for the financial year		-	25,179	38,243	7,902	212,261	69,163	11,577	33,244	1,267	2,618	401,454
Disposals		-	-	-	-	-	(15,000)	-	-	-	-	(15,000)
At 31 December 2017		-	100,716	160,424	36,291	621,460	367,514	47,025	148,970	6,934	11,305	1,500,639
<b>Carrying amount</b>												
At 1 January 2017		1,000,000	1,183,411	58,147	50,633	1,713,416	177,725	79,197	216,717	7,005	17,497	4,503,748
At 31 December 2017		1,000,000	1,158,232	52,626	42,731	1,501,155	98,562	68,742	183,473	5,738	14,879	4,126,138

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Freehold land		Building		Computer and software		Furniture and fittings		Machinery		Motor vehicles		Office equipment		Renovation		Signboard		Tools and equipment		Total RM
	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		
<b>2018</b>																					
<b>Cost</b>																					
At 1 January 2018	1,000,000	1,258,948	213,050	79,022	2,122,615	466,076	115,767	332,443	12,672	26,184	5,626,777										
Additions	-	-	96,537	-	157,640	-	2,943	-	-	-	457,200	714,320									
At 31 December 2018	1,000,000	1,258,948	309,587	79,022	2,280,255	466,076	118,710	332,443	12,672	483,384	6,341,097										
<b>Accumulated depreciation</b>																					
At 1 January 2018	-	105,716	160,424	36,291	621,460	367,514	47,025	148,970	6,934	11,305	1,500,639										
Depreciation charge for the financial year	18	-	25,179	36,912	7,903	222,756	69,159	11,772	33,245	1,268	16,718	424,912									
At 31 December 2018	-	125,895	197,336	44,194	844,216	436,673	58,797	182,215	8,202	28,023	1,925,551										
<b>Carrying amount</b>																					
At 1 January 2018	1,000,000	1,158,232	52,626	42,731	1,501,155	98,562	68,742	183,473	5,738	14,879	4,126,138										
At 31 December 2018	1,000,000	1,133,053	112,251	34,828	1,436,039	29,403	59,913	150,228	4,470	455,361	4,415,546										

## 13. ACCOUNTANTS' REPORT (Cont'd)

**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land		Building		Computer and software		Furniture and fittings		Machinery		Motor vehicles		Office equipment		Renovation		Signboard		Tools and equipment		Right-of-use		Total	
	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>2019</b>																								
<b>Cost</b>																								
At 1 January 2019		1,000,000	1,258,948	309,587	79,022	2,280,255	466,076	118,710	332,443	12,672	483,384	-	503,667	6,341,097	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667		
-As previously stated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-Adjustment on initial application of MFRS 16		1,000,000	1,258,948	309,587	79,022	2,280,255	466,076	118,710	332,443	12,672	483,384	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667		
<b>Adjusted balance at 1 January 2019</b>																								
<b>Adjustments</b>																								
Additions		-	-	73,824	3,865	2,472,175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Written off		-	-	(4,374)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,374)	
<b>At 31 December 2019</b>																								
<b>Accumulated depreciation</b>																								
At 1 January 2019		-	125,895	197,336	44,194	844,216	436,673	58,797	182,215	8,202	28,023	-	-	-	-	-	-	-	-	-	-	-	1,925,551	
Depreciation charge for the financial year	18	-	25,179	40,779	8,095	368,264	29,398	11,871	33,244	1,268	97,478	196,747	812,323	812,323	812,323	812,323	812,323	812,323	812,323	812,323	812,323	812,323	(4,374)	
Written off		-	-	(4,374)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>At 31 December 2019</b>																								
<b>Carrying amount</b>																								
At 1 January 2019 (Adjusted)		1,000,000	1,133,053	112,251	34,828	1,436,039	29,403	59,913	150,228	4,470	455,361	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	503,667	4,919,213	
At 31 December 2019		1,000,000	1,107,874	145,296	30,598	3,539,350	5	48,042	116,984	3,202	1,088,663	455,733	455,733	455,733	455,733	455,733	455,733	455,733	455,733	455,733	455,733	455,733	7,536,367	

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Assets under finance lease**

The carrying amount of assets under finance lease arrangements are as follows:

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Machineries	341,399	296,270	-	145,093
Motor vehicles	45,200	22,600	-	-
	<u>386,599</u>	<u>318,870</u>	-	<u>145,093</u>

**(b) Assets pledged as security**

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Freehold land and building	2,183,411	2,158,232	2,133,053	2,107,874

Freehold land and building has been pledged as security to secure loans and borrowings of the Group as disclosed in Note 11.

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 11(b).

**(c) Right-of-use assets**

The Group leases office and vacant land for their office space and operation site. The leases for office space and operation site generally have lease term between 2 to 3 years with options to renew every two (2) years.

The Group has lease machineries with lease term of 2 years, and have options to purchase the assets at the end of the contract term.

The net carrying amount of property, plant and equipment that are right-of-use assets as follows:

	Net carrying amount RM	Depreciation charge RM
Buildings	310,640	193,027
Machineries	145,093	3,720
	<u>455,733</u>	<u>196,747</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****6. OTHER INVESTMENT**

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Available-for-sale ("AFS") financial assets</b>				
<b>At fair value:</b>				
- Investment in unit trust	644,873	-	-	-

**7. TRADE AND OTHER RECEIVABLES**

Note	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Trade receivables</b>				
(a)				
Third parties	50,630,937	9,667,756	14,800,807	18,110,771
Related parties	373,209	-	-	-
Accrued revenue	213,164	813,992	192,743	-
	<u>51,217,310</u>	<u>10,481,748</u>	<u>14,993,550</u>	<u>18,110,771</u>
<b>Non-trade</b>				
Other receivables	514,260	801,771	365,574	507,672
Deposits	93,680	56,870	64,860	63,650
Prepayments	29,205	35,554	168,981	259,089
Amount owing by related parties	(b) 442,729	4,000	4,000	-
Amount owing by a director	(b) -	327,477	128,721	-
	<u>1,079,874</u>	<u>1,225,672</u>	<u>732,136</u>	<u>830,411</u>
Total trade and other receivables	<u>52,297,184</u>	<u>11,707,420</u>	<u>15,725,686</u>	<u>18,941,182</u>

**(a) Trade receivables**

Included in trade receivables for the financial year 2016 is an amount of RM45,595,424 which is related to a drilling rig charter service contract, acting as an agent on behalf for a customer of the Group.

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 60 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****7. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables (continued)**

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows:

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
Neither past due nor impaired	48,596,309	6,783,042	5,254,462	6,224,880
Past due but not impaired	2,621,001	3,698,706	9,739,088	11,885,891
1-30 days past due not impaired	678,978	1,377,308	4,232,869	5,342,143
31-60 days past due not impaired	452,041	572,807	1,925,726	4,342,959
61-90 days past due not impaired	62,258	303,337	1,602,588	1,289,863
91-120 days past due not impaired	146,016	4,795	588,591	169,625
More than 120 days past due not impaired	1,281,708	1,440,459	1,389,314	741,301
	<b>51,217,310</b>	<b>10,481,748</b>	<b>14,993,550</b>	<b>18,110,771</b>

**(b) Amount owing by related parties and a director**

Amount owing by related parties and a director are unsecured, non-interest bearing and repayable on demand.

**8. CASH AND BANK BALANCES**

For the purpose of the combined statements of cash flow, cash and cash equivalents comprise the following:

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
Cash in hand	10,565	5,134	12,462	30,789
Cash at banks	514,975	2,641,494	1,180,114	2,283,354
	<b>525,540</b>	<b>2,646,628</b>	<b>1,192,576</b>	<b>2,314,143</b>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****9. INVESTED EQUITY**

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of the combining entities constituting the Group.

The invested equity constitutes the share capital of Ocean Vantage Engineering Sdn. Bhd., Ocean Vantage Inspection Testing Sdn. Bhd. and Ocean Vantage Holdings Berhad.

**10. RESERVES**

Note	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Available-for-sale reserve (a)	26,769	-	-	-
Share option reserve (b)	563,274	2,335,967	-	-
Other reserve (b)	-	-	2,335,967	2,335,967
	<hr/> 590,043	<hr/> 2,335,967	<hr/> 2,335,967	<hr/> 2,335,967

**(a) Available-for-sale reserve**

This reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

**(b) Share option reserve/Other reserve**

The share option reserve and the other reserve comprises the cumulative fair value of services contributed to the Group by certain employees of the Group through issuance of share options by the owners of the Group. The share option is recognised at grant date and subsequently transfer to other reserve upon exercised.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****10. RESERVES (CONTINUED)****(b) Share option reserve/Other reserves (continued)****Movement of share options during the financial year**

The following table illustrates the number and weighted average exercise prices of, and movement in, share options:

	2016 RM	2017 RM	2018 RM	2019 RM
At 1 January	563,274	563,274	2,335,967	-
Granted on 11 August 2017	-	1,772,693	-	-
Exercised	-	-	(2,335,967)	-
At 31 December	563,274	2,335,967	-	-
Exercisable as at 31 December	563,274	2,335,967	-	-

There are no options outstanding as at 31 December 2018 and 31 December 2019. The options outstanding at 31 December 2017 have exercise prices of RM16.80 (2016: RM2.27) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2018 was Nil (2016: 4 years and 2017: 3 years).

The fair values of the share options granted were determined using a binomial option pricing model, and the inputs were:

	Option 1 RM	Option 2 RM
<b>Fair value of share options and assumptions</b>		
Weighted average fair value of share option at grant date (RM)	563,274	1,772,693
Weighted average share price (RM)	2	17
Options life (years)	5	3
Risk-free rate(%)	3.69	3.26
Expected dividends (%)	-	-
Expected volatility (%)	15.67	9.60

The expected volatility is based on the historical volatility of FTSE Bursa Malaysia Small Cap index ("FBMSC Index"). When determine the fair value, the management has also taken into consideration of the exercise restrictions and exercise behaviour.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****11. LOANS AND BORROWINGS**

	Note	As at 31 December			
		2016 RM	2017 RM	2018 RM	2019 RM
<b>Current:</b>					
Term loan	(a)	35,279	36,839	41,131	41,856
Finance lease liabilities	(b)	129,754	80,444	-	61,083
Bankers' acceptance	(c)	315,891	259,000	-	-
		<u>480,924</u>	<u>376,283</u>	<u>41,131</u>	<u>102,939</u>
<b>Non-current:</b>					
Term loan	(a)	1,502,379	1,468,694	1,434,500	1,400,049
Finance lease liabilities	(b)	80,444	-	-	48,352
		<u>1,582,823</u>	<u>1,468,694</u>	<u>1,434,500</u>	<u>1,448,401</u>
<b>Total loans and borrowings</b>					
Term loan	(a)	1,537,658	1,505,533	1,475,631	1,441,905
Finance lease liabilities	(b)	210,198	80,444	-	109,435
Bankers' acceptance	(c)	315,891	259,000	-	-
		<u>2,063,747</u>	<u>1,844,977</u>	<u>1,475,631</u>	<u>1,551,340</u>

**(a) Term loan**

Term loan of RM1,441,905 (2016: RM1,537,658, 2017: RM1,505,533 and 2018: RM1,475,631) bears interest rate at 2.10% below bank's base lending rate per annum and is repayable by monthly instalments over a period of 25 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Registered first party first legal charged over the freehold land and building of the Group as disclosed in Note 5; and
- (ii) Joint and several guarantee by the directors of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****11. LOANS AND BORROWINGS (CONTINUED)****(b) Finance lease liabilities**

Certain machineries and motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such lease does not have terms to renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 6.24% (2016: 6.76%, 2017: 6.86% and 2018: Nil%)

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
<b>Minimum lease payments:</b>				
Not later than one year	139,977	82,832	-	66,084
Later than one year and not later than five years	82,832	-	-	49,562
	<u>222,809</u>	<u>82,832</u>	<u>-</u>	<u>115,646</u>
Less: Future finance charges	(12,611)	(2,388)	-	(6,211)
	<u>210,198</u>	<u>80,444</u>	<u>-</u>	<u>109,435</u>
 <b>Present value of minimum lease payments</b>				
Not later than one year	129,754	80,444	-	61,083
Later than one year and not later than five years	80,444	-	-	48,352
	<u>210,198</u>	<u>80,444</u>	<u>-</u>	<u>109,435</u>
Less: Amount due within twelve months	(129,754)	(80,444)	-	(61,083)
Amount due after twelve months	<u>80,444</u>	<u>-</u>	<u>-</u>	<u>48,352</u>

**(c) Bankers' acceptance**

The bankers' acceptance are secured against the following:

- (i) Registered first party first legal charged over the freehold land and building of the Group as disclosed in Note 5; and
- (ii) Joint and several guarantee by the directors of the Group.

The effective interest rate for banker's acceptance is Nil% (2016: 6.50%, 2017: 3.90% and 2018: Nil%) per annum.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****12. LEASE LIABILITIES**

	As at 31 December 2019 RM
Current	142,119
Non-current	178,843
	<u>320,962</u>

**13. DEFERRED TAX LIABILITIES**

Deferred tax relates to the following:

	At 1 January 2016 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2016 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2017 RM
<b>Deferred tax liability:</b>					
Property, plant and equipment	63,630	46,148	109,778	(854)	108,924
<b>Deferred tax assets:</b>					
Unrealised foreign exchange	46,062	(38,137)	7,925	(67,740)	(59,815)
	<u>109,692</u>	<u>8,011</u>	<u>117,703</u>	<u>(68,594)</u>	<u>49,109</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****13. DEFERRED TAX LIABILITIES (CONTINUED)**

Deferred tax relates to the following: (continued)

	At 1 January 2018	Recognised in profit or loss (Note 20)	At 31 December 2018	Recognised in profit or loss (Note 20)	At 31 December 2019
	RM	RM	RM	RM	RM
<b>Deferred tax liability:</b>					
Property, plant and equipment	108,924	47,296	156,220	232,544	388,764
<b>Deferred tax assets:</b>					
Unrealised foreign exchange	(59,815)	70,017	10,202	26,845	37,047
Lease liabilities	-	-	-	(2,478)	(2,478)
	<u>49,109</u>	<u>117,313</u>	<u>166,422</u>	<u>256,911</u>	<u>423,333</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
<b>Deferred tax liability:</b>				
Property, plant and equipment	<u>(9,476)</u>	<u>(8,609)</u>	<u>(7,742)</u>	<u>(6,875)</u>
<b>Deferred tax assets:</b>				
Unused tax losses	57,833	82,461	91,442	58,432
Unrealised foreign exchange	1,602	(237)	(149)	-
Unabsorbed capital allowances	9,497	12,544	15,591	-
	<u>68,932</u>	<u>94,768</u>	<u>106,884</u>	<u>58,432</u>
	<u>59,456</u>	<u>86,159</u>	<u>99,142</u>	<u>51,557</u>

The availability of unused tax losses for offsetting against future taxable profits in Malaysia are subject to requirements under the Income Tax, 1967 and guidelines issued by the tax authority.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****14. TRADE AND OTHER PAYABLES**

	Note	As at 31 December			
		2016 RM	2017 RM	2018 RM	2019 RM
<b>Trade payables</b>					
Third parties	(a)	46,038,580	1,136,707	749,845	3,235,026
Accrued costs		23,400	434,992	749,724	595,091
		<u>46,061,980</u>	<u>1,571,699</u>	<u>1,499,569</u>	<u>3,830,117</u>
<b>Non-trade</b>					
Other payables		137,880	368,105	648,623	123,004
Accruals		157,719	368,278	374,232	257,174
Deposits		921	921	921	-
Amount owing to a director	(b)	323,652	-	-	-
		<u>620,172</u>	<u>737,304</u>	<u>1,023,776</u>	<u>380,178</u>
Total trade and other payables		<u>46,682,152</u>	<u>2,309,003</u>	<u>2,523,345</u>	<u>4,210,295</u>

**(a) Trade payables**

Included in trade payables for the financial year 2016 is an amount of RM45,595,424 which is related to a drilling rig charter service contract, acting as an agent on behalf for a customer of the Group.

Trade payables are non-interest bearing and are normally settled within 30 to 60 days.

**(b) Amount owing to a director**

Amount owing to a director are unsecured, non-interest bearing and repayable upon demand.

For explanations on the Group's liquidity risk management processes, refer to Note 23(b)(ii).

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****15. REVENUE**

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>At a point in time:</b>				
Sales of goods	3,447,472	3,569,442	3,636,293	4,847,227
Commission income	559,529	663,831	-	-
<b>Over time:</b>				
Services	13,638,441	19,775,619	26,856,085	53,436,904
	<u>17,645,442</u>	<u>24,008,892</u>	<u>30,492,378</u>	<u>58,284,131</u>

**16. OTHER INCOME**

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Interest income</b>				
Interest income	767	22,779	7,021	11,859
Net realised foreign exchange gain	-	-	68,644	148,835
Net unrealised foreign exchange gain	66,137	-	42,655	165,452
<b>Gain on disposal of</b>				
available-for-sale investments	7,445	68,055	-	-
Investment income	11,924	-	-	-
Miscellaneous	1,261	29,591	11,028	51,330
	<u>87,534</u>	<u>120,425</u>	<u>129,348</u>	<u>377,476</u>

**17. FINANCE COSTS**

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Interest expense on:</b>				
- Term loan	73,413	70,387	72,313	68,739
- Finance lease liabilities	20,540	10,223	2,388	1,856
- Bankers' acceptance	6,343	8,202	-	5,465
- Lease liabilities	-	-	-	27,296
	<u>100,296</u>	<u>88,812</u>	<u>74,701</u>	<u>103,356</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****18. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

Note	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Auditors' remuneration				
- current year	26,500	26,500	41,000	52,000
- prior year	250	550	1,160	9,173
Depreciation of property, plant and equipment	5	422,465	401,454	424,912
Loss on disposal of property, plant and equipment		-	7,500	-
Net realised foreign exchange loss		67,614	20,476	-
Net unrealised foreign exchange loss		-	249,231	-
Employee benefits expense	19	5,935,831	10,151,950	13,625,417
Rental expense on:				
- Office premises		157,100	193,500	227,517
- Machinery and equipment		452,044	58,657	143,264
- Motor vehicles		3,160	1,805	1,693
Share-based payment		-	1,772,693	-

**19. EMPLOYEE BENEFITS EXPENSE**

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Salaries, allowances and bonuses	2,120,305	2,281,766	2,720,240	3,447,184
Defined contribution plans	262,922	259,840	334,590	448,060
Other staff related expenses	142,414	286,507	216,413	356,080
Subcontractors' fees	3,410,190	7,323,837	10,354,174	25,028,831
	<u>5,935,831</u>	<u>10,151,950</u>	<u>13,625,417</u>	<u>29,280,155</u>

Included in employee benefits are

Directors' remuneration:

- Salaries, allowances and bonuses	240,000	240,000	240,000	604,500
- Defined contribution plans	28,800	28,800	28,800	72,540
- Other staff related expenses	742	829	923	2,308
	<u>269,542</u>	<u>269,629</u>	<u>269,723</u>	<u>679,348</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****20. INCOME TAX EXPENSE**

The major components of income tax expense for the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 are as follows:

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Combined statements of comprehensive income</b>				
<b>Current income tax:</b>				
- Current income tax charge	874,834	1,593,551	1,719,615	2,005,560
- Adjustment in respect of prior years	22,414	-	-	(31,502)
	<u>897,248</u>	<u>1,593,551</u>	<u>1,719,615</u>	<u>1,974,058</u>
<b>Deferred tax (Note 13):</b>				
Origination/(reversal) of temporary differences	8,011	(68,594)	117,313	251,431
Adjustment in respect of prior years	-	-	-	5,480
	<u>8,011</u>	<u>(68,594)</u>	<u>117,313</u>	<u>256,911</u>
Income tax expense recognised in profit or loss	<u>905,259</u>	<u>1,524,957</u>	<u>1,836,928</u>	<u>2,230,969</u>

Domestic income tax is calculated at the Malaysia statutory rate of 24% of the estimated assessable profit for the financial year.

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid-up capital of RM2.5 million and below is subject to the statutory tax rate of 17% (2016: 19%, 2017 and 2018: 18%) on chargeable income up to RM500,000. For chargeable income in excess of RM500,000, statutory tax rate of 24% is still applicable.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****20. INCOME TAX EXPENSE (CONTINUED)**

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense are as follows:

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Profit before tax	3,614,745	4,544,970	7,010,290	9,147,932
 Tax at Malaysian statutory income tax rate of 24%	867,539	1,090,793	1,682,470	2,195,504
SME tax savings	(25,000)	(30,000)	(30,000)	(35,000)
Adjustments:				
Non-deductible expenses	32,283	457,755	181,342	107,907
Deferred tax not recognised on tax losses and temporary differences	8,023	6,409	3,116	-
Utilisation of previously unrecognised tax losses and capital allowances	-	-	-	(11,420)
Adjustment in respect of current income tax of prior years	22,414	-	-	(31,502)
Adjustment in respect of deferred tax of prior years	-	-	-	5,480
Income tax expense	<u>905,259</u>	<u>1,524,957</u>	<u>1,836,928</u>	<u>2,230,969</u>

**21. OTHER COMPREHENSIVE INCOME**

	Available- for-sale reserve RM	Total (Net of tax) RM
<b>2016</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Fair value loss of available-for-sale financial assets	(11,876)	(11,876)
	<u>(11,876)</u>	<u>(11,876)</u>
<b>2017</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Fair value loss of available-for-sale financial assets	(26,769)	(26,769)
	<u>(26,769)</u>	<u>(26,769)</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****22. DIVIDENDS**

	As at 31 December	
	2018	2019
<b>Recognised during the financial year:</b>	<b>RM</b>	<b>RM</b>
Interim dividend of RM1.20 per ordinary share of RM1 each in respect of the financial year ended 31 December 2017	1,800,000	-
Interim dividend of RM1 per ordinary share of RM1 each in respect of the financial year ended 31 December 2019	-	1,500,000

**23. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned:

**From 1 January 2018:**

(i) Amortised cost

**On or before 31 December 2017**

(i) Loans and receivables ("L&R")  
 (ii) Other financial liabilities ("FL")  
 (iii) Available-for-sale financial assets ("AFS")

	Carrying amount RM	L&R / (FL) RM	AFS RM			
<b>At 31 December 2016</b>						
<b>Financial assets</b>						
Other investments	644,873	-	644,873			
Trade and other receivables, less prepayments	52,267,979	52,267,979	-			
Cash and bank balances	525,540	525,540	-			
	<b>53,438,392</b>	<b>52,793,519</b>	<b>644,873</b>			
<b>Financial liabilities</b>						
Loans and borrowings	(2,063,747)	(2,063,747)	-			
Trade and other payables	(46,682,152)	(46,682,152)	-			
	<b>(48,745,899)</b>	<b>(48,745,899)</b>	<b>-</b>			

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

	Carrying amount RM	L&R / (FL) RM
<b>At 31 December 2017</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments		
	11,671,866	11,671,866
Cash and bank balances	2,646,628	2,646,628
	<hr/> 14,318,494	<hr/> 14,318,494
<b>Financial liabilities</b>		
Loans and borrowings	(1,844,977)	(1,844,977)
Trade and other payables	(2,309,003)	(2,309,003)
	<hr/> (4,153,980)	<hr/> (4,153,980)
	Carrying amount RM	Amortised cost RM
<b>At 31 December 2018</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments		
	15,556,705	15,556,705
Cash and bank balances	1,192,576	1,192,576
	<hr/> 16,749,281	<hr/> 16,749,281
<b>Financial liabilities</b>		
Loans and borrowings	(1,475,631)	(1,475,631)
Trade and other payables	(2,523,345)	(2,523,345)
	<hr/> (3,998,976)	<hr/> (3,998,976)

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

	Carrying amount RM	Amortised cost RM
<b>At 31 December 2019</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	18,682,093	18,682,093
Cash and bank balances	2,314,143	2,314,143
	<hr/>	<hr/>
	20,996,236	20,996,236
<b>Financial liabilities</b>		
Loans and borrowings	(1,551,340)	(1,551,340)
Lease liabilities	(320,962)	(320,962)
Trade and other payables	(4,210,295)	(4,210,295)
	<hr/>	<hr/>
	(6,082,597)	(6,082,597)

**(b) Financial risk management**

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency, interest rate risk and market price risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **23. FINANCIAL INSTRUMENTS (CONTINUED)**

###### **(b) Financial risk management (continued)**

###### **(i) Credit risk (continued)**

###### **Trade receivables**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the combined statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

###### **Credit risk concentration profile**

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of five (5) trade receivables, representing approximately 58% (2016: 94%, 2017: 67% and 2018: 41%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. As there is no evidence of impairment for the years under review, the expected credit loss is assessed as zero%.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Trade receivables (continued)**

The information about the credit risk exposure on the Group's trade receivables using a provision matrix is as follows:

	Trade receivables						Total	
	1 to 30 days		31 to 60 days		91 to 120 days			
	Current	past due	past due	past due	past due	past due		
<b>At 31 December 2018</b>								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	
Gross carrying amount at default	5,254,462	4,232,869	1,925,726	1,602,588	588,591	1,389,314	14,993,550	
Impairment losses	-	-	-	-	-	-	-	
<b>At 31 December 2019</b>								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	
Gross carrying amount at default	6,224,880	5,342,143	4,342,959	1,289,863	169,625	741,301	18,110,771	
Impairment losses	-	-	-	-	-	-	-	

**Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **23. FINANCIAL INSTRUMENTS (CONTINUED)**

###### **(b) Financial risk management (continued)**

###### **(i) Credit risk (continued)**

###### **Other receivables and other financial assets (continued)**

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **23. FINANCIAL INSTRUMENTS (CONTINUED)**

###### **(b) Financial risk management (continued)**

###### **(i) Credit risk (continued)**

###### **Other receivables and other financial assets (continued)**

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.7(a) for the Group's other accounting policies for impairment of financial assets.

###### **Financial guarantee contracts**

The Group is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to a related party. The Group monitors the results of the related party and its repayment on an on-going basis. The maximum exposure to credit risks as at 31 December 2016, 31 December 2017 and 31 December 2018 amounts to RM1,382,730 representing the maximum amount the Group could pay if the guarantee is called on as disclosed in Note 23(b)(ii). As at the reporting date, there was no financial guarantee given to banks in respect of loans granted to a related party.

###### **(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)****Maturity analysis**

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Contractual cash flows				
	Carrying amount	Between			
		On demand or within 1 year	1 and 5 years	More than 5 years	Total
<b>At 31 December 2016</b>					
Trade and other payables	46,682,152	46,682,152	-	-	46,682,152
Term loan	1,537,658	107,556	430,224	1,864,304	2,402,084
Finance lease liabilities	210,198	139,977	82,832	-	222,809
Bankers' acceptance	315,891	315,891	-	-	315,891
Finance guarantee contract	-	1,382,730	-	-	1,382,730
	<b>48,745,899</b>	<b>48,628,306</b>	<b>513,056</b>	<b>1,864,304</b>	<b>51,005,666</b>
<b>At 31 December 2017</b>					
Trade and other payables	2,309,003	2,309,003	-	-	2,309,003
Term loan	1,505,533	107,556	430,224	1,756,748	2,294,528
Finance lease liabilities	80,444	82,832	-	-	82,832
Bankers' acceptance	259,000	259,000	-	-	259,000
Finance guarantee contract	-	1,382,730	-	-	1,382,730
	<b>4,153,980</b>	<b>4,141,121</b>	<b>430,224</b>	<b>1,756,748</b>	<b>6,328,093</b>
<b>At 31 December 2018</b>					
Trade and other payables	2,523,345	2,523,345	-	-	2,523,345
Term loan	1,475,631	107,556	430,224	1,747,785	2,285,565
Finance guarantee contract	-	1,382,730	-	-	1,382,730
	<b>3,998,976</b>	<b>4,013,631</b>	<b>430,224</b>	<b>1,747,785</b>	<b>6,191,640</b>
<b>At 31 December 2019</b>					
Trade and other payables	4,210,295	4,210,295	-	-	4,210,295
Term loan	1,441,905	107,556	430,224	1,678,741	2,216,521
Finance lease liabilities	109,435	66,084	49,562	-	115,646
Lease liabilities	320,962	158,000	187,000	-	345,000
	<b>6,082,597</b>	<b>4,541,935</b>	<b>666,786</b>	<b>1,678,741</b>	<b>6,887,462</b>

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign currency rates relates primarily to the Group's operating activities (when sales and purchases are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage their treasury activities and exposures.

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Financial assets and (liabilities) not held in functional currency:</b>				
<b>Trade and other receivables</b>				
US Dollar ("USD")	47,098,963	2,278,228	292,007	4,298,202
Singapore Dollar ("SGD")	-	-	19,236	-
Bruneian Dollar ("BND")	-	15,429	-	-
	<hr/> 47,098,963	<hr/> 2,293,657	<hr/> 311,243	<hr/> 4,298,202
<b>Other investment</b>				
USD	644,873	-	-	-
<b>Cash and bank balances</b>				
USD	325,342	4,737	127,768	1,565,595
<b>Trade and other payables</b>				
USD	(45,754,580)	(7,120)	(4,607)	(15,576)
SGD	(12,894)	(13,945)	(6,075)	(14,130)
BND	-	-	(12,300)	-
	<hr/> (45,767,474)	<hr/> (21,065)	<hr/> (22,982)	<hr/> (29,706)

**Sensitivity analysis on foreign currency risk**

The Group's principal foreign currency exposure relates mainly to USD, SGD and BND.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis on foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the USD, SGD and BND, with all other variables held constant on the Group's total equity and profit for the financial years.

		Change in rate	Effect on profit for the financial years/equity RM
<b>31 December 2016</b>			
- USD	+15%	263,864	
	-15%	(263,864)	
- SGD	+15%	(1,470)	
	-15%	1,470	
<b>31 December 2017</b>			
- USD	+15%	259,446	
	-15%	(259,446)	
- SGD	+15%	(1,590)	
	-15%	1,590	
- BND	+15%	1,759	
	-15%	(1,759)	

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis on foreign currency risk (continued)

		Change in rate	Effect on profit for the financial years/equity RM
	<b>31 December 2018</b>		
	- USD	+15% -15%	47,329 (47,329)
	- SGD	+15% -15%	1,500 (1,500)
	- BND	+15% -15%	(1,402) 1,402
	<b>31 December 2019</b>		
	- USD	+15% -15%	666,697 (666,697)
	- SGD	+15% -15%	(1,611) 1,611

**(iv) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Interest rate risk (continued)****Sensitivity analysis for interest rate risk**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year:

	Carrying amount RM	Change in basis point	Effect on profit for the financial years/equity RM
<b>31 December 2016</b>			
Term loan	1,537,658	+ 50	(5,843)
		- 50	5,843
<b>31 December 2017</b>			
Term loan	1,505,533	+ 50	(5,721)
		- 50	5,721
<b>31 December 2018</b>			
Term loan	1,475,631	+ 50	(5,607)
		- 50	5,607
<b>31 December 2019</b>			
Term loan	1,441,905	+ 50	(5,479)
		- 50	5,479

**(v) Market price risk**

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market price (other than interest or exchange rates).

The Group's investments in unit trust are subject to market price risk. Such exposure are not hedged as the investments are mostly investment fund, where the risks accepted are commensurated with the expected returns.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(v) Market price risk (continued)****Sensitivity analysis for equity price risk**

The following table demonstrates the sensitivity to a reasonably change of prices, with all other variables held constant on the Group's total equity and profit for the financial year.

	Carrying amount RM	Change in % of price	Effect on profit for the financial years/equity RM
<b>31 December 2016</b>			
Other investment	644,873	+10% -10%	49,010 (49,010)

**(c) Fair value measurement**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and loans and borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year end (2016, 2017 and 2018: no transfer in either directions).

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement (continued)**

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value of financial instruments carried at			Fair value of financial instruments not carried at		
	fair value			fair value		
	Carrying amount	Level 1	Level 2	Level 3	Total	Fair Value
	RM	RM	RM	RM	RM	RM
<b>At 31 December 2016</b>						
<b>Financial assets</b>						
Financial assets	644,873	644,873	-	-	644,873	-
Other investments						-
<b>Financial liabilities</b>						
Term loan						-
Finance lease liabilities						-
	(1,502,379)	-	-	-	-	(1,606,383)
	(80,444)	-	-	-	-	(77,890)
<b>At 31 December 2017</b>						
<b>Financial liabilities</b>						
Term loan						-
	(1,468,694)	-	-	-	-	(1,552,268)

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****23. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement (continued)**

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Carrying amount	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2
RM	RM	RM	RM	RM	RM	Total
<b>At 31 December 2018</b>						
<b>Financial liabilities</b>						
Term loan	(1,434,500)	-	-	-	-	(1,547,713)
						(1,547,713)
<b>At 31 December 2019</b>						
<b>Financial liabilities</b>						
Term loan	(1,400,049)	-	-	-	-	(1,514,984)
Finance lease liabilities	(48,352)	-	-	-	-	(46,622)
						(46,622)

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. RELATED PARTIES****(a) Identification of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Entities in which certain directors of the Group have substantial financial interests; and
- (ii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

**(b) Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	As at 31 December			
	2016	2017	2018	2019
	RM	RM	RM	RM
<b>Sales to:</b>				
- Related parties	854,000	-	-	-
<b>Purchase from:</b>				
- Related parties	843,147	-	-	-
<b>Rental expenses charged by:</b>				
- Related parties	69,500	104,400	119,100	132,000

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. RELATED PARTIES (CONTINUED)****(c) Compensation of key management personnel**

	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Short-term employee benefits:				
- Salaries, allowances and bonuses	741,800	736,800	836,000	1,087,700
- Defined contribution plans	85,965	85,063	99,389	130,524
- Other staff related expenses	39,700	36,500	36,500	4,617
	<u>867,465</u>	<u>858,363</u>	<u>971,889</u>	<u>1,222,841</u>

**25. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Group. The gearing ratio as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 are as follows:

Note	As at 31 December			
	2016 RM	2017 RM	2018 RM	2019 RM
Loans and borrowings	11 2,063,747	1,844,977	1,475,631	1,551,340
Trade and other payables	14 46,682,152	2,309,003	2,523,345	4,210,295
Total debts	<u>48,745,899</u>	<u>4,153,980</u>	<u>3,998,976</u>	<u>5,761,635</u>
Total equity	<u>8,292,603</u>	<u>13,058,540</u>	<u>16,431,902</u>	<u>21,842,475</u>
Gearing ratio (times)	<u>5.88</u>	<u>0.32</u>	<u>0.24</u>	<u>0.26</u>

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

The Group is not subject to external imposed capital requirements.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **OCEAN VANTAGE HOLDINGS BERHAD** Accountants' Report

#### **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

##### **26. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

(a) On 29 March 2019, Ocean Vantage Holdings Berhad entered into a conditional shares sale agreement to acquire the entire equity interest of Ocean Vantage Engineering Sdn. Bhd. for a total purchase consideration of RM16,439,990 which will be wholly satisfied by the issuance of 328,799,900 shares in Ocean Vantage Holdings Berhad at RM0.05 per share.

The purchase consideration of RM16,439,990 was arrived at on a willing-buyer-willing-seller basis based on the adjusted net assets of Ocean Vantage Engineering Sdn. Bhd. as at 31 December 2018.

(b) On 29 March 2019, Ocean Vantage Holdings Berhad entered into a conditional shares sale agreement to acquire the entire equity interest of Ocean Vantage Inspection Testing Sdn. Bhd. for a total purchase consideration of RM100 which will be wholly satisfied by cash.

The purchase consideration of RM100 was arrived at on a willing-buyer-willing-seller basis based on the adjusted net assets of Ocean Vantage Inspection Testing Sdn. Bhd. as at 31 December 2018.

(c) On 11 November 2019, Ocean Vantage Holdings Berhad has obtained approval by Bursa Malaysia Securities Berhad to be listed on the ACE Market of Bursa Securities.

##### **27. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR**

(a) On 6 February 2020, the Company issued and allotted 328,799,900 new ordinary shares fully paid in the capital of the Company at an issue price of RM0.05 per share for a total consideration of RM16,439,990.

(b) The acquisition of Ocean Vantage Engineering Sdn. Bhd. and Ocean Vantage Inspection Testing Sdn. Bhd. was completed on 12 February 2020.

(c) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR (CONTINUED)**

## (c) Coronavirus outbreak (continued)

For the Group's combined financial statements for the financial year ended 31 December 2019, the COVID-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group is unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 31 December 2020 to be disclosed in the combined financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the COVID-19 will have adverse effects on the Group's sales, operations and supply chains. The Group will continuously monitor the impact of COVID-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

**28. SEGMENT INFORMATION**

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

<b>Segments</b>	<b>Product and services</b>
EPC and Project management	Project management and engineering services
Supply of manpower	Manpower supply services
Supply of materials, tools and equipment	Trading of materials, tool and equipment
Provision of drilling rig charter services	Commission services

Inter-segment pricing is determined on negotiated basis.

**Segments profit**

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SEGMENT INFORMATION (CONTINUED)**Segments assets

Segments assets information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment assets.

Segments liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liability.

	Note	EPC and Project Management	Supply of manpower	Supply of materials, tools and equipment	Provision of drilling rig charter services	Adjustments and eliminations	Total
<b>31 December 2016</b>							
<b>Revenue:</b>							
Revenue from external customers		10,370,228	3,268,213	3,447,472	559,529	-	17,645,442
Inter-segment revenue	A	170,772	-	-	-	(170,772)	-
		<u>10,541,000</u>	<u>3,268,213</u>	<u>3,447,472</u>	<u>559,529</u>	<u>(170,772)</u>	<u>17,645,442</u>
 <b>Segment profit</b>							
Other income		3,373,504	1,781,768	896,421	559,528	-	6,611,221
Unallocated expenses							87,534
Finance costs							(2,983,714)
Income tax expense							(100,296)
							(905,259)
Profit for the financial year							<u>2,709,486</u>
 <b>Results:</b>							
<i>Included in the measure of segments profit are:</i>							
Employee benefits expense		770,861	-	-	-	-	770,861
Sub-contractor fees		3,858,020	1,392,777	-	-	-	5,250,797
Depreciation		214,879	-	-	-	-	214,879

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SEGMENT INFORMATION (CONTINUED)**

		EPC and Project Management Note	Supply of manpower RM	Supply of materials, tools and equipment RM	Provision of drilling rig charter services RM	Adjustments and eliminations RM	Total RM
<b>31 December 2017</b>							
<b>Revenue:</b>							
Revenue from external customers		7,900,693	11,874,926	3,569,442	663,831	-	24,008,892
Inter-segment revenue	A	157,861	-	-	-	(157,861)	-
		<u>8,058,554</u>	<u>11,874,926</u>	<u>3,569,442</u>	<u>663,831</u>	<u>(157,861)</u>	<u>24,008,892</u>
 <b>Segment profit</b>							
Segment profit		1,732,230	6,160,418	1,150,840	663,831	-	9,707,319
Other income							120,425
Unallocated expenses							(5,193,962)
Finance costs							(88,812)
Income tax expense							(1,524,957)
Profit for the financial year							<u>3,020,013</u>
 <b>Results:</b>							
<i>Included in the measure of segments profit are:</i>							
Employee benefits expense		788,098	-	-	-	-	788,098
Sub-contractor fees		3,369,625	5,072,254	-	-	-	8,441,879
Depreciation		214,879	-	-	-	-	214,879

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SEGMENT INFORMATION (CONTINUED)**

	Note	EPC and Project Management	Supply of manpower	Supply of materials, tools and equipment	Provision of drilling rig charter services	Adjustments and eliminations	Total
		RM	RM	RM	RM	RM	RM
<b>31 December 2018</b>							
<b>Revenue:</b>							
Revenue from external customers		12,264,401	14,591,684	3,636,293	-	-	30,492,378
Inter-segment revenue	A	157,992	-	-	-	(157,992)	-
		<u>12,422,393</u>	<u>14,591,684</u>	<u>3,636,293</u>	<u>-</u>	<u>(157,992)</u>	<u>30,492,378</u>
<b>Segment profit</b>							
Segment profit		4,447,699	5,987,417	1,176,585	-	-	11,611,701
Other income							129,348
Unallocated expenses							(4,656,058)
Finance costs							(74,701)
Income tax expense							(1,836,928)
Profit for the financial year							<u>5,173,362</u>
<b>Results:</b>							
<i>Included in the measure of segments profit are:</i>							
Employee benefits expense		868,841	-	-	-	-	868,841
Sub-contractor fees		4,161,468	7,783,272	-	-	-	11,944,740
Depreciation		239,474	-	-	-	-	239,474

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SEGMENT INFORMATION (CONTINUED)**

	Note	EPC and Project Management	Supply of manpower	Supply of materials, tools and equipment	Provision of drilling rig charter services	Adjustments and eliminations	Total
		RM	RM	RM	RM	RM	RM
<b>31 December 2019</b>							
<b>Revenue:</b>							
Revenue from external customers		12,396,832	41,040,072	4,847,227	-	-	58,284,131
Inter-segment revenue	A	244,138	-	-	-	(244,138)	-
		12,640,970	41,040,072	4,847,227	-	(244,138)	58,284,131
<b>Segment profit</b>							
Segment profit		3,821,336	9,419,719	1,547,438	-	-	14,788,493
Other income						377,476	
Unallocated expenses						(5,914,681)	
Finance costs						(103,356)	
Income tax expense						(2,230,969)	
Profit for the financial year							<u>6,916,963</u>
<b>Results:</b>							
<i>Included in the measure of segments profit are:</i>							
Employee benefits expense		835,885	-	-	-	-	835,885
Sub-contractor fees		4,244,105	23,532,741	-	-	-	27,776,846
Depreciation		469,462	-	-	-	-	469,462

**13. ACCOUNTANTS' REPORT (Cont'd)****OCEAN VANTAGE HOLDINGS BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SEGMENT INFORMATION (CONTINUED)****A Inter-segment revenue**

Inter-segment revenues are eliminated on combination.

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
<b>31 December 2016</b>		
Local	15,155,649	4,503,748
Overseas	2,489,793	-
	<hr/>	<hr/>
	17,645,442	4,503,748
<b>31 December 2017</b>		
Local	17,027,656	4,126,138
Overseas	6,981,236	-
	<hr/>	<hr/>
	24,008,892	4,126,138
<b>31 December 2018</b>		
Local	23,681,568	4,415,546
Overseas	6,810,810	-
	<hr/>	<hr/>
	30,492,378	4,415,546
<b>31 December 2019</b>		
Local	50,798,171	7,536,367
Overseas	7,485,960	-
	<hr/>	<hr/>
	58,284,131	7,536,367

The Group operates predominantly in Malaysia and hence, non-current assets is all held in Malaysia.

Information about major customers

For EPC and project management, supply of manpower segment and supply of materials, tools and equipment, revenue from one customer represented approximately RM10,856,627 (2016: RM5,519,157, 2017: RM3,910,722 and 2018: RM3,490,451) of the Group's total revenue.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION**



Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA)  
Chartered Accountants (AF 0117)  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur, Malaysia

T : +603 2297 1000  
F : +603 2282 9980

info@bakertilly.my  
[www.bakertilly.my](http://www.bakertilly.my)

4 June 2020

The Board of Directors  
**Ocean Vantage Holdings Berhad**  
No. 7-1, Jalan 109F  
Plaza Danau 2, Taman Danau Desa  
58100 Kuala Lumpur  
W.P. Kuala Lumpur

Dear Sirs,

**OCEAN VANTAGE HOLDINGS BERHAD**

**REPORTING ACCOUNTANTS' REPORT ON THE COMPIRATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of Ocean Vantage Holdings Berhad ("OVH" or the "Company") and its subsidiaries, namely Ocean Vantage Engineering Sdn. Bhd. and Ocean Vantage Inspection Testing Sdn. Bhd. (the "Group") for which the directors of OVH are solely responsible. The pro forma consolidated statements of financial position consists of the pro forma consolidated statements of financial position as at 31 December 2019 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of OVH have compiled the pro forma consolidated statements of financial position are as described in Note 2 to the pro forma consolidated statements of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma consolidated statements of financial position of the Group has been compiled by the directors of OVH, for illustrative purposes only, for inclusion in the prospectus of OVH ("Prospectus") in connection with the initial public offering ("IPO") of the IPO shares in conjunction with the listing of and quotation for the entire enlarged issued share capital of OVH on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"), after making certain assumptions and such adjustments to show the effects on the pro forma consolidated financial position of the Group as at 31 December 2019 adjusted for the transactions as described in Note 2.7 to the pro forma consolidated statements of financial position, the public issue and the utilisation of proceeds as described in Notes 1.2 and 3.2.2 to the pro forma consolidated statements of financial position.

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) (AF 0117) was registered on 05.03.2019 and with effect from that date, Baker Tilly Monteiro Heng (AF 0117), a conventional partnership was converted to a limited liability partnership.

Baker Tilly Monteiro Heng PLT is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

Reporting Accountants' Report on the Compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2019 Included in A Prospectus



As part of this process, information about the Group's pro forma consolidated statements of financial positions has been extracted by the directors of OVH from the audited financial statements of OVH and its subsidiaries as follows:

Company Name	Financial year ended ("FYE")
OVH	31 December 2019
Ocean Vantage Engineering Sdn. Bhd. ("OVE")	31 December 2019
Ocean Vantage Inspection Testing Sdn. Bhd. ("OVIT")	31 December 2019

The audited financial statements of OVH and its subsidiaries for the FYE 31 December 2019 were reported by us to their respective members without any modifications.

*Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position*

The directors of OVH are responsible for compiling the pro forma consolidated statements of financial position based on the Applicable Criteria.

*Our Independence and Quality Control*

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institutes of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

Reporting Accountants' Report on the Compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2019 Included in A Prospectus



*Reporting Accountants' Responsibilities*

Our responsibility is to express an opinion, on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the directors of OVH based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of OVH have compiled, in all material respects, the pro forma consolidated statements of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions 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 the pro forma consolidated statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of OVH in the compilation of the pro forma consolidated statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to Listing and the acquisition of subsidiaries as described in Notes 1 and 2.7.1 to the pro forma consolidated statements of financial position, and to obtain sufficient appropriate evidence about whether:

- (a) The pro forma consolidated statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statements of financial position, based on the audited financial statements of OVH for the FYE 31 December 2019 and the audited financial statements of its subsidiaries for the FYE 31 December 2019, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the subsidiaries in the preparation of its audited financial statements for the FYE 31 December 2019 and the adoption of the new accounting policies as described in Note 2.6 to the pro forma consolidated statements of financial position; and
- (b) Each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purpose of preparing the pro forma consolidated statements of financial position.

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

Reporting Accountants' Report on the Compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2019 Included in A Prospectus



The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, Listing in respect of which the pro forma consolidated statements of financial position has 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.

*Our opinion*

**In our opinion:**

- (a) the pro forma consolidated statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma consolidated statements of financial position, based on the audited financial statements of OVH for the FYE 31 December 2019 and the audited financial statements of its subsidiaries for the FYE 31 December 2019 and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the subsidiaries in the preparation of its audited financial statements for the FYE 31 December 2019, which had been adopted by OVH as its group's accounting policies and the adoption of the new accounting policies as described in Note 2.6 to the pro forma consolidated statements of financial position; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position of the Group is appropriate for the purpose of preparing the pro forma consolidated statements of financial position.

**Other matters**

This report has been prepared for inclusion in the Prospectus of OVH in connection with Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or 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 report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Baker Tilly Monteiro Heng PLT'.

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Dato' Lock Peng Kuan'.

Dato' Lock Peng Kuan  
No. 02819/10/2020 J  
Chartered Accountant

**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**1. INTRODUCTION**

The pro forma consolidated statements of financial position of Ocean Vantage Holdings Berhad (“OVH” or the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been compiled by the directors of OVH, for illustrative purposes only, for inclusion in the prospectus of OVH in connection with the initial public offering (“IPO”) of the IPO shares in conjunction with the listing of and quotation for the entire enlarged issued share capital of OVH on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

**1.1** OVH is undertaking a listing of and quotation for its entire enlarged issued share capital on the ACE Market of Bursa Securities. The IPO comprises the following:

**1.2 Public Issue**

The public issue of 82,200,000 new ordinary shares in OVH (“Shares”), at the IPO price of RM0.26 for each Share, representing 20.0% of the enlarged number of shares of OVH, to be allotted in the following manner:

- (i) 20,550,000 new Shares available to the Malaysian public;
- (ii) 4,110,000 new Shares available for application by the eligible directors and employees of the Group who have contributed to the success of the Group; and
- (iii) 57,540,000 new Shares by way of private placement to selected investors.

(Collectively hereinafter referred to as “Public Issue”).

**1.3 Offer for sale**

Offer for sale of 41,100,000 existing Shares at the IPO price of RM0.26 per Share representing 10.0% of the enlarged number of Shares of OVH by way of placement to selected investors.

**1.4 Listing**

The admission of OVH to the Official List and the listing of and quotation for its entire enlarged issued share capital of RM37,812,000 comprising 411,000,000 Shares on the ACE Market of Bursa Securities.



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**2. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

2.1 The pro forma consolidated statements of financial position has been prepared to illustrate that the pro forma consolidated financial position of the Group as at 31 December 2019, adjusted for the transactions as described in Note 2.7, the Public Issue and the utilisation of proceeds as described in Notes 1.2 and 3.2.2 respectively.

2.2 The pro forma consolidated statements of financial position has been prepared based on the following audited financial statements for the financial year ended ("FYE") 31 December 2019 of the OVH and its subsidiaries adjusted for the transactions as described in Note 2.7:

Company Name	FYE
OVH	31 December 2019
Ocean Vantage Engineering Sdn. Bhd. ("OVE")	31 December 2019
Ocean Vantage Inspection Testing Sdn. Bhd. ("OVIT")	31 December 2019

2.3 The audited financial statements of OVH and the subsidiaries for the financial year under review were reported by us to their respective members without any modifications.

2.4 The pro forma consolidated statements of financial position of the Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.

2.5 The pro forma consolidated statements of financial position of the Group have been properly prepared on the basis set out in the accompanying notes to the pro forma consolidated statements of financial position based on the audited financial statements of the Company and the subsidiaries for the FYE 31 December 2019 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**2. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

2.6 The pro forma consolidated statements of financial position of the Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the subsidiaries in the preparation of its audited financial statements for the FYE 2019 and the adoption of the following new accounting policies, which had been adopted by the Group as the group's accounting policies.

**Merger accounting**

The subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve.

Acquisition of entities under common control does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group;
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in merger reserve/deficit.

2.7 In connection with Listing, the pro forma consolidated statements of financial position has been presented after adjusting for the following material transactions subsequent to 31 December 2019 but before the Public Issue as described in Note 1.2.



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**2. BASIS OF PREPARATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**2.7.1 Acquisition of subsidiaries (the "Acquisitions")**

**2.7.1.1 Acquisition of OVE**

OVH had on 29 March 2019 entered into a conditional share sale agreement with Kenny Ronald Ngalin, Martin Philip King Ik Piau and Mary King Siaw Ning to acquire the entire issued share capital of OVE comprising 1,500,000 ordinary shares for a total purchase consideration of RM16,439,990. The acquisition of OVE is to be wholly satisfied by issuance of 328,799,900 new Shares at an issue price of RM0.05 per Share.

The total purchase consideration of RM16,439,990 was arrived on a "willing-buyer willing-seller" basis after taking into consideration the audited net assets ("NA") of OVE as at 31 December 2018 of RM16,437,755.

**2.7.1.2 Acquisition of OVIT**

OVH had on 29 March 2019 entered into a conditional share sale agreement with Kenny Ronald Ngalin to acquire the entire issued share capital of OVIT comprising 100,000 ordinary shares for a total purchase consideration of RM100. The acquisition of OVIT is to be wholly satisfied by way of cash.

The total purchase consideration of RM100 was arrived on a "willing-buyer willing-seller" basis after taking into consideration the audited net liabilities ("NL") of OVIT as at 31 December 2018 of RM5,853.

The acquisition of OVE and OVIT was completed on 12 February 2020.



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP**

3.1 The pro forma consolidated statements of financial position of the Group as set out below, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2019, had the transactions as described in Note 2.7, the Public Issue and the utilisation of proceeds as described in the Notes 1.2 and 3.2.2, respectively, been effected on that date, and should be read in conjunction with the notes accompanying thereto.

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31 December 2019	After the Acquisitions	Pro Forma I and the Public Issue	After Pro Forma II and the Utilisation of Proceeds
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	-	7,536	7,536	18,564
<b>Total non-current assets</b>	<b>-</b>	<b>7,536</b>	<b>7,536</b>	<b>18,564</b>
<b>Current assets</b>				
Trade and other receivables	35	18,941	18,941	18,697
Current tax assets	-	6	6	6
Cash and bank balances	*	2,314	23,686	3,534
<b>Total current assets</b>	<b>35</b>	<b>21,261</b>	<b>42,633</b>	<b>22,237</b>
<b>TOTAL ASSETS</b>	<b>35</b>	<b>28,797</b>	<b>50,169</b>	<b>40,801</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Group</b>				
Share capital	*	16,440	37,812	37,212
Reorganisation reserve	-	(15,031)	(15,031)	(15,031)
Reserves	-	2,336	2,336	2,336
(Accumulated losses)/				
Retained earnings	(191)	18,097	18,097	9,329
<b>TOTAL EQUITY</b>	<b>(191)</b>	<b>21,842</b>	<b>43,214</b>	<b>33,846</b>



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

**3.1 (Continued)**

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31 December 2019 RM'000	After the Acquisitions RM'000	After the Public Issue RM'000	After Pro Forma II and the Utilisation of Proceeds RM'000
<b>Non-current liabilities</b>				
Loans and borrowings	-	1,448	1,448	1,448
Lease liabilities	-	179	179	179
Deferred tax liabilities	-	424	424	424
<b>Total non-current liabilities</b>	-	2,051	2,051	2,051
<b>Current liabilities</b>				
Loans and borrowings	-	103	103	103
Lease liabilities	-	142	142	142
Current tax liabilities	-	449	449	449
Trade and other payables	226	4,210	4,210	4,210
<b>Total current liabilities</b>	226	4,904	4,904	4,904
<b>TOTAL LIABILITIES</b>	226	6,955	6,955	6,955
<b>TOTAL EQUITY AND LIABILITIES</b>	35	28,797	50,169	40,801
Number of ordinary shares assumed to be in issue ('000)	@	328,800	411,000	411,000
(NL)/NA <sup>^</sup> (RM'000)	(191)	21,842	43,214	33,846
(NL)/NA per ordinary share (RM)	(1.910)	0.07	0.11	0.08
<sup>^</sup> attributable to owners of the Group				

\* RM10  
@ 100 shares

**Pro Forma Consolidated Statements of Financial Position**



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 Notes to the pro forma consolidated statements of financial position are as follows:

3.2.1 The pro forma consolidated statements of financial position of the Group, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of the Group as at 31 December 2019, had the transactions as described in Note 2.7, the Public Issue and the utilisation of proceeds as described in Notes 1.2 and 3.2.2, respectively, been effected on that date, and should be read in conjunction with the notes accompanying thereto.

3.2.2 The proceeds from the Public Issue would be utilised in the following manner:

	Note	RM'000	%
Broadening range of support services	(i)	3,236	15.14%
Capital expenditure for the downstream oil and gas segment		8,592	40.20%
General working capital	(ii)	6,544	30.62%
Listing expenses		3,000	14.04%
		<hr/>	<hr/>
		21,372	100.00%

(i) Broadening range of support services

This comprise expansion of the Group's range of support services for the oil and gas industry to broaden the Group's revenue stream. RM3.2 million of the proceeds from the Public Issue for the enhancement and strengthening of our capabilities which will include expenditure on the following:

	RM'000
Purchase of equipment for underwater diving services	1,200
Attainment of specialised licenses	200
Purchase of advance non-destructive testing ("NDT") and inspection equipment and tools	1,236
Hiring of engineer, sales and marketing personnel	600
	<hr/>
	3,236



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 (Continued)

3.2.2 (Continued)

(ii) General working capital

General working capital comprise the following:

	<b>RM'000</b>
Expansion of workforce	3,264
Secure distributorship	500
Marketing expenses	480
Business operation and running cost	2,300
	<hr/>
	6,544

3.2.3 The pro forma consolidated statements of financial position should be read in conjunction with the notes below:

**(a) Pro Forma I**

Pro Forma I incorporate the effects of the Acquisitions as described in Note 2.7.1 on the audited statement of financial position of OVH as at 31 December 2019.

The reorganisation reserve of the Acquisitions are as below:

	<b>RM'000</b>
Purchase consideration	16,440
Less: Share capital of subsidiaries	(1,600)
Add: Accumulated loss of OVH	191
	<hr/>
Reorganisation reserve	15,031



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 (Continued)

3.2.3 (Continued)

**(a) Pro Forma I**

The Acquisitions had the following impact on the audited statement of financial position of OVH as at 31 December 2019:

	Increase/(Decrease)	Effects on	Total Liabilities/
	Effects on	Total Assets	Equity
	RM'000	RM'000	RM'000
Property, plant and equipment	7,536		-
Trade and other receivables	18,906		-
Current tax assets	6		-
Cash and bank balances	2,314		-
Share capital	-		16,440
Reorganisation reserve	-		(15,031)
Reserves	-		2,336
(Accumulated losses)/			
Retained earnings	-		18,288
Deferred tax liabilities	-		424
Loans and borrowings			
- Non-current	-		1,448
- Current	-		103
Lease liabilities			
- Non-current	-		179
- Current	-		142
Current tax liabilities	-		449
Trade and other payables	-		3,984
	<hr/>	<hr/>	<hr/>
	28,762		28,762



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 (Continued)

3.2.3 (Continued)

**(b) Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue as described in Note 1.2.

The Public Issue will have the following impact on the pro forma consolidated statements of financial position of the Group as at 31 December 2019:

	Increase	
	Effects on	Effects on
	Total Assets	Total Equity
	RM'000	RM'000
Cash and bank balances	21,372	-
Share capital	-	21,372
	<hr/>	<hr/>
	21,372	21,372

**(c) Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM21.4 million after netting off RM3.0 million of estimated expenses.

The remaining proceeds expected from the Public Issue of RM18.4 million will be utilised in the manner as described in Note 3.2.2.

The proceeds arising from the Public Issue earmarked for purchase of tools and equipment of RM2.4 million which form part of the broadening range of support services and capital expenditure for the downstream oil and gas segment of RM8.6 million is assumed to meet the criteria of capitalisation as property, plant and equipment and therefore will be debited to the Property, Plant and Equipment Account.



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

3.2 (Continued)

3.2.3 (Continued)

**(c) Pro Forma III**

The proceeds arising from the Public Issue earmarked for the Group's general capital of RM6.5 million and a total of RM0.8 million for the attainment of specialised licenses and hiring of engineer, sales and marketing personnel (form part of broadening range of support services) will be included in Retained Earnings Account.

As at 31 December 2019, out of the RM3.0 million listing expenses, RM1.2 million has already been incurred of which RM1.0 million is charged to the Retained Earnings Account and RM0.2 million has been recognised as prepayment. The RM0.2 million is recognised as prepayment as this are directly attributable expenses relating to the new issuance of shares which will be capitalised under Share Capital Account upon Listing.

Out of the remaining estimated listing expense to be incurred of RM1.8 million, RM1.4 million will be charged to Retained Earnings Account and RM0.4 million is recognised in Share Capital Account as this are directly attributable expenses relating to the new issuance of shares. Together with the amount previously recorded as prepayment of RM0.2 million, a total of RM0.6 million will be capitalised under Share Capital Account.

The utilisation of proceeds will have the following impact on the pro forma consolidated statements of financial position of the Group as at 31 December 2019:

	Increase/(Decrease)	
	Effects on	Effects on
	Total Assets	Total Equity
	RM'000	RM'000
Property, plant and equipment	11,028	-
Trade and other receivables	(244)	-
Cash and bank balances	(20,152)	-
Share capital	-	(600)
(Accumulated losses)/		
Retained earnings	-	(8,768)
	<hr/>	<hr/>
	(9,368)	(9,368)



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

**3.2 (Continued)**

**3.2.4 Movements in share capital and reserves are as follows:**

	Share capital RM'000	Reorganisation reserve RM'000	Reserves RM'000	(Accumulated losses)/ Retained earnings RM'000
Audited statement of financial position of OVH as at 31 December 2019	&	-	-	(191)
Arising from the Acquisitions	16,440	(15,031)	2,336	18,288
Per Pro Forma I	16,440	(15,031)	2,336	18,097
Arising from the Public Issue	21,372	-	-	-
Per Pro Forma II	37,812	(15,031)	2,336	18,097
Arising from the defrayment of remaining estimated expenses in relation to the Listing	(600)	-	-	(8,768)
Per Pro Forma III	37,212	(15,031)	2,336	9,329

& RM10



**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

**OCEAN VANTAGE HOLDINGS BERHAD**

**3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)**

**3.2 (Continued)**

**3.2.5 Movements in cash and bank balances are as follows:**

	<b>RM'000</b>
Audited statement of financial position of OVH as at 31 December 2019	&
Arising from the Acquisitions	<u>2,314</u>
Per Pro Forma I	2,314
Arising from the Public Issue	<u>21,372</u>
Per Pro Forma II	23,686
Arising from the utilisation of proceeds:	
- purchase of property, plant and equipment	(11,028)
- general expenses	(7,344)
- defrayment of remaining estimated expenses in relation to the Listing	<u>(1,780)</u>
Per Pro Forma III	<u>3,534</u>

& RM10

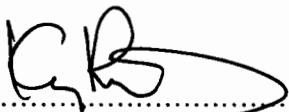


**14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL INFORMATION (Cont'd)**

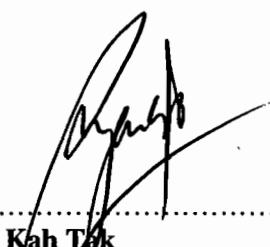
**OCEAN VANTAGE HOLDINGS BERHAD**

**APPROVAL BY BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of Ocean Vantage Holdings Berhad in accordance with a resolution dated 4 June 2020.



**Kenny Ronald Ngallin**  
Director



**Yau Kah Tak**  
Director



## 15. STATUTORY AND OTHER INFORMATION

### 15.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another.
- (ii) Save for the Pink Form Allocations as disclosed in Sections 4.3.2,
  - (a) no Directors or employees have been or are entitled to be given or have exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save for the new Shares issued under the Acquisitions and to be issued under the Public Issue as disclosed in Section 6.2 and 4.3 respectively, 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 of this Prospectus.
- (iv) Other than our Public Issue as disclosed in Section 4.3, there is no intention on the part of our Directors to further issue any Shares.
- (v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

### 15.2 CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

#### 15.2.1 OVE

OVE share capital as at LPD is RM1,500,000 comprising 1,500,000 ordinary shares. The movements in the share capital of OVE since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM'000
25 May 2011	10,000	Cash/Ordinary Shares	10
15 August 2012	90,000	Cash/Ordinary Shares	100
3 January 2013	150,000	Cash/Ordinary Shares	250
18 June 2013	250,000	Cash/Ordinary Shares	500
3 April 2014	500,000	Cash/Ordinary Shares	1,000
22 October 2015	500,000	Cash/Ordinary Shares	1,500

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in OVE. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### **15.2.2 OVIT**

OVIT share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in the share capital of OVIT since its incorporation are as follows:

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Consideration/ Type of issue</b>	<b>Cumulative share capital RM'000</b>
25 April 2012	50,000	Cash/Ordinary Shares	50
24 August 2012	50,000	Cash/Ordinary Shares	100

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in OVIT. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

### **15.3 CONSTITUTION**

The following provisions are extracted from our 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.

#### **15.3.1 Remuneration, voting and borrowing powers of Directors**

The provisions in our Constitution dealing with remuneration, voting and borrowing powers of Directors are as follows:

##### **(i) Clause 93 – Directors' Remuneration**

The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree provided always that:

- 93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- 93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- 93.3 fees of directors, and any benefits payable to directors shall be subject to annual shareholder approval at a general meeting; and
- 93.4 any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### **(ii) Clause 94 - Reimbursement of expenses**

94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company.

94.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

### **(iii) Clause 117 - Remuneration of Managing Director**

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

### **(iv) Clause 111 - Chairman to have a casting vote**

111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.

111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

### **(v) Clause 113 - Disclosure of interest and restriction on discussion and voting**

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 221 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### **(vi) Clause 114 - Power to vote**

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:-

- 114.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- 114.2 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

### **(vii) Clause 98 - Directors' Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

### **15.3.2 Changes to share capital**

The provisions in our Constitution dealing with changes in share capital are as follows:

#### **(i) Clause 52 - Power to increase capital**

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

#### **(ii) Clause 53 - Offer of new shares to the Member**

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new shares or securities which

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

(by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

### **(iii) Clause 55 - Power to alter capital**

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:-

- 55.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 55.2 subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association of the Company by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- 55.3 cancel shares which at the date of the passing of the resolution in that behalf 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; and
- 55.4 convert and/or re-classify any class of shares into any other class of shares.

### **(iv) Clause 56 - Power to reduce capital**

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

### **15.3.3 Transfer of securities**

The provisions in our Constitution in respect of transfer of securities of our Company are as follows:

#### **(i) Clause 31- Transfer of Deposited Securities**

Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed 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 subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

**(ii) Clause 32 - Transfer of shares (non-Deposited Securities)**

- 32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his shares by way of instrument in writing in any usual or common form or in any other form which the Directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.
- 32.2 The instrument of transfer must be left for registration at the registered office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.
- 32.3 The Directors may decline to register any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien.
- 32.4 The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year.
- 32.5 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- 32.6 No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- 32.7 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any shares by the allottee thereof in favour of some other persons.
- 32.8 If the Directors refuse to register a transfer they shall within one month after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal in accordance with the provisions of the Act.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

32.9 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter alia) of transferring shares which may be lodged produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

32.10 The Company shall be entitled to charge a fee, being a sum of money to be paid in advance, as the Directors may from time to time determine and which the Company may be permitted to charge by law, for the registration of every transfer, plus the amount of the proper duty or taxes with which each certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force.

### **15.3.4 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights**

The provisions in our Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

#### **(i) Clause 8 - Issue of Shares**

8.1 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Listing Requirements, any other statutory requirements, and to this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

8.2 No shares shall be issued at a discount except in compliance with the provisions of the Act.

8.3 The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution.

8.4 No issue of shares shall be made without the prior approval of the members of the Company in general meeting.

8.5 No Director shall participate in a scheme that involves a new issuance of shares to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

#### **(ii) Clause 9 - Rights of preference shareholders**

9.1 Subject to the Act, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.

9.2 A holder of preference shares must have a right to vote in each of the following circumstances:-

- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects the rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

9.3 A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, and audited financial statements, and attending meetings.

### **(iii) Clause 11 - Modification of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

### **(vi) Clause 12 - Alteration of rights by issuance of new shares**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

## **15. STATUTORY AND OTHER INFORMATION (Cont'd)**

### **15.4 GENERAL INFORMATION**

- (i) Save for the dividends declared in FYE 2017 and paid to the shareholders of our subsidiaries in FYE 2018 and the dividend declared and paid in 2019, purchase consideration paid to the shareholders of our subsidiaries for the Acquisitions as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.4.1, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (ii) Save as disclosed in Section 11.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application and acceptance are set out in Section 16.
- (iv) There is no limitation on the right to own shares including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

### **15.5 CONSENTS**

- (i) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Principal Banker, Solicitors, Share Registrar, Company Secretary 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 of this Prospectus 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 report 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 of this Prospectus 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 "Outlook of Malaysia's Offshore Oilfield Services Industry and the Global Oil and Gas Industry", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

### **15.6 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 of this Prospectus:

- (i) Our Constitution;
- (ii) Audited financial statements of our Company and each of our subsidiary prepared in accordance with MFRS for the FYE 2016 to 2019;

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**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

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- (iii) Accountants' Report as set out in Section 13;
- (iv) Reporting Accountants' report relating to our pro forma consolidated statements of financial position as set out in Section 14;
- (v) IMR Report as set out in Section 8;
- (vi) Material contracts as set out in Section 6.4; and
- (vii) Letters of consent as set out in Section 15.5.

**15.7 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders 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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## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE**

**THIS SUMMARY OF 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.**

### **16.1 OPENING AND CLOSING OF APPLICATION**

**OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 June 2020**

**CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 9 July 2020**

In the event of Any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late applications will not be accepted.**

### **16.2 METHODS OF APPLICATIONS**

#### **16.2.1 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.

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by our eligible Directors, employees and business associates/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

#### **16.2.2 Placement**

<b>Types of Application</b>	<b>Application Method</b>
Applications by: Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.3 ELIGIBILITY**

#### **16.3.1 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.**

#### **16.3.2 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
  - (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; or
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group**

The eligible Directors, employees and 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.

### **16.4 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 RM0.26 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 693**" 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) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at their 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 9 July 2020 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.

### **16.5 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.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

### **16.6 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-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.

### **16.7 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 16.8 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.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.8 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.

#### **16.8.1 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 ordinary/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).

#### **16.8.2 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 5<sup>th</sup> 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

**16. 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.

**16.9 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.

**16.10 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
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>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five 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.

## **DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (ACCOMPANYING THE ELECTRONIC PROSPECTUS)**

**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.**

### **1. OPENING AND CLOSING OF APPLICATION**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 June 2020

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 9 July 2020

Applications for our IPO Shares will open and close at the times and dates stated above. In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. The dates for the ballot of the applications for our IPO Shares, the allotment of our IPO Shares and our Listing would then be extended accordingly.

**Late Applications will not be accepted.**

### **2. METHODS OF APPLICATIONS**

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

#### **2.1 Retail Offering**

<b>Types of Application and category of investors</b>	<b>Application Method</b>
Applications by eligible persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

#### **2.2 Placement**

<b>Types of Application</b>	<b>Application Method</b>
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

### **3. ELIGIBILITY**

#### **3.1 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 12 below.
- (ii) 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 with a Malaysian address; or
  - (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.
- (iii) 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
- (iv) You must submit an Application by using only one of the following methods:
  - (a) White Application Form; or
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

#### **3.2 Application by Eligible Persons**

The Eligible Persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

The Eligible Persons who apply for our IPO Shares must have a CDS account and a correspondence address in Malaysia.

Applicants provided with Pink Application Forms may also apply for our IPO Shares offered to the Malaysian Public.

You agree that any application which you make for our IPO Shares is irrevocable.

### **4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS**

Each application for our IPO Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications 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.

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.**

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

- a) Obtain the relevant Application Form together with the Official "A" and "B" envelopes and our Prospectus.

The **White** Application Forms together with our Prospectus, can be obtained subject to availability from M&A Securities Sdn Bhd, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and the Issuing House.

- b) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.
- c) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:
  - (i) Ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
  - (ii) Stating your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.
  - (iii) Stating the details of your payment in the appropriate boxes provided in the Application Form.
  - (iv) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.
- d) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.26 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 693**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the Application Forms.

e) Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

Affix RM1.50 stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

f) 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) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT**

in the drop-in boxes provided at their 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 9 July 2020 or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

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.

## 5. APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

### 5.1 Participating Financial Institutions

Malaysian individuals may apply for our IPO Shares through the ATM of the following Participating Financial Institutions and their branches. The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
HSBC Bank Malaysia Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50
Standard Chartered Bank Malaysia Berhad (at selected branches only)	RM2.50

**Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.**

## 5.2 Procedures for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions

**PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.**

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions;

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:-

- Personal Identification Number (“PIN”);
- TIIH Share Issue Account No. 693;
- Your CDS account number;
- Number of IPO Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

### **5.3 Terms and Conditions for Electronic Share Application**

**You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.**

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.**

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (i) The Electronic Share Application shall be made in relation to and subject to the terms of our Prospectus and our Company's Constitution.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
  - (a) You are at least 18 years old as at the date of the application for our IPO Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;
  - (d) The Electronic Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public; and
  - (e) You consent to the disclosure by the Participating Financial Institution and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant authorities.

- (iii) You confirm that you are not applying for our IPO Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares offered to the Malaysian Public.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.
- (vi) the Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) You request and authorise us:-
  - (a) to credit our IPO Shares allotted or allocated to you into your CDS account; and
  - (b) to issue share certificate(s) representing such IPO Shares or jumbo certificates which represent, amongst others, such IPO Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:-
  - (a) our Company or the Issuing House does not receive your Electronic Share Application; or
  - (b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or the Issuing House,you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

- (ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.
- (x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xi) By making and completing an Electronic Share Application, you agree that:-
  - (a) in consideration of us agreeing to allow and accept the application for our IPO Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;
  - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;
  - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and
  - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of our Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xii) the Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

## 6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

### 6.1 Internet Participating Financial Institutions

Applications for our IPO Shares by the Malaysian Public Individuals may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

Internet Participating Financial Institution	Website address	Fees charged
Affin Bank Berhad	<a href="http://www.affinOnline.com">www.affinOnline.com</a>	Free
Alliance Bank Malaysia Berhad	<a href="http://www.allianceonline.com.my">www.allianceonline.com.my</a>	RM1.00
CIMB Investment Bank Berhad	<a href="http://www.eipocimb.com">www.eipocimb.com</a>	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad
CIMB Bank Berhad	<a href="http://www.cimbclicks.com.my">www.cimbclicks.com.my</a>	RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs
Malayan Banking Berhad	<a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a>	RM1.00
RHB Bank Berhad	<a href="http://www.rhbgroup.com">www.rhbgroup.com</a>	RM2.50
Public Bank Berhad	<a href="http://www.pbebank.com">www.pbebank.com</a>	RM2.00

**Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.**

**PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.**

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

## 6.2 Terms and Conditions for Internet Share Application

**PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

An Internet Share Application shall be made on and subject to the following terms and conditions:

- (i) You can make an Internet Share Application if you fulfill all of the following:
  - (a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
  - (b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
  - (c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and subject to the terms of our Prospectus and our Company's Constitution.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
  - (a) You are at least 18 years old as at the date of the application for our IPO Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of our Prospectus, the contents of which you have fully read and understood;
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in our Prospectus and have carefully considered the risk factors as well as all other information and statements set out in our Prospectus, before making your Internet Share Application;
  - (e) Your Internet Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public;

- (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Service Act, 2013 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (h) You are not applying for our IPO Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in our Prospectus;
- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

(iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our IPO Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of our Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in Section 6.2 (iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or the Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

(v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be

incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in our Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

(vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

(a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and

(b) Your agreement to be bound by the Constitution of our Company.

(vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE 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.** Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.

(viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.

(ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company and irrevocably agree that if:

(a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and

(b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

## **7. AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares. 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), by
  - (a) ordinary post through the self-addressed and stamped Official "A" envelope which you have provided to the Issuing House;
  - (b) crediting into your bank account for the purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository; or

(c) ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

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 any time 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.

## **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.

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 200 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 persons, subject to the underwriting arrangements and reallocation as set out in Section 4 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.

## **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.

### **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 refunded 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 ten (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 official valid temporary identity documents 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 ten (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 ordinary / 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).

## **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 two (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 Institution) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> 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 Authorised Financial Institutions) not later than ten (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 two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

## **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.

## 11. ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
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>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five 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 copy of our Prospectus on the website of Bursa Securities.

## 12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	2nd Floor, Bangunan AHP No.2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
AFFIN HWANG INVESTMENT BANK BHD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BHD	17th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2708 2788	086-001
BIMB SECURITIES SDN. BHD.	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2613 1600	024-001
CIMB INVESTMENT BANK BHD	Principal Office Level 17 Menara CIMB Jalan Stesen Sentral 2 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN. BHD.	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001
CLSA SECURITIES MALAYSIA SDN. BHD.	Bilik 20-01, Aras 20 Menara Dion2 7 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001
CREDIT SUISSE SECURITIES (MALAYSIA) SDN. BHD.	Suite 7.6, Level 7 Menara IMC8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 2723 2020	036-001
FA SECURITIS SDN. BHD.	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor & Level 3A No.12 Jalan Gelenggang 60000 Kuala Lumpur 50350 Kuala Lumpur Tel No.: 03-2691 0200	066-002
INTER-PACIFIC SECURITIES SDN. BHD.	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN. BHD.	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN. BHD.	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN. BHD.	No.33-1 (First Floor) Jalan Radin Bagus 57000 Bandar baru Seri Petaling Kuala Lumpur Tel No.: 03-9056 2921	054-007
J.P.MORGAN SECURITIES (MALAYSIA) SDN. BHD.	Level 18, Integra Tower The Intermark 348 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2718 0500	035-001
JUPITER SECURITIES SDN. BHD.	Level 8, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN. BHD.	11th - 14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001
KENANGA INVESTMENT BANK BHD	Level 10, 11 & 12 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2172 2888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	1st Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
M & A SECURITIES SDN. BHD.	Level 1-3, No. 45 & 47 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN. BHD.	22A-1 & 22A-2, Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200, Kuala Lumpur Tel No.: 03-7983 9890	057-004
MACQUARIE CAPITAL SECURITIES (MALAYSIA) SDN. BHD.	Aras 10, Menara Dion 27 Jalan Sultan Ismail 50250, Kuala Lumpur Tel. No.: 03-2059 8833	032-001
MALACCA SECURITIES SDN. BHD.	No. 76-1, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) 53300 Setapak, Kuala Lumpur Tel No.: 4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	5th-13th Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MAYBANK INVESTMENT BANK BERHAD	27 Floor, 31-33 Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03-2059 1888	098-007
MERCURY SECURITIES SDN. BHD.	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BHD	8-12 <sup>th</sup> Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN. BHD.	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 2027 6811	037-001

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN. BHD.	GroundFloor, Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BHD	27 <sup>th</sup> Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001
RHB INVESTMENT BANK BHD	Tingkat 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BHD	Tingkat 12, 15, 20 & 21 Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BHD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BHD	34 <sup>th</sup> Floor, Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN. BHD.	Level 7 Wisma Hong Leong 18, Jalan Perak 50450, Kuala Lumpur Tel No.: 03-2781 1100	031-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
<b><u>SELANGOR DARUL EHSAN</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah, E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No. : 03-5513 3288	068-002
AFFIN HWANG INVESTMENT BANK BHD	Suite B3A1, East Wing 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
AFFIN HWANG INVESTMENT BANK BHD	2nd, 3rd & 4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiria Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AFFIN HWANG INVESTMENT BANK BHD	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03- 3322 1999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-001
CIMB INVESTMENT BANK BHD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009

Name	Address and Telephone Number	Broker Code
JF APEX SECURITIES BHD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	LeSuite 1501B Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JUPITER SECURITIES SDN. BHD.	No. 42 – 46, 3rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004
KENANGA INVESTMENT BANK BHD	Level 1, East Wing Wisma Consplant 2 No.7 Jalan SS16/1 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006
KENANGA INVESTMENT BANK BHD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutriara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
KENANGA INVESTMENT BANK BHD	No. 35, (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035
MALACCA SECURITIES SDN. BHD.	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN. BHD.	No. 39-2, Jalan Temenggung 21/9 Seksyen 9 43200 Mahkota Cheras Selangor Darul Ehsan Tel No.: 9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutriara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
PM SECURITIES SDN. BHD.	1 <sup>st</sup> Floor, 157-A Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN. BHD.	1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	1st Floor, 10 & 11 Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059
SJ SECURITIES SDN. BHD.	Ground Floor, Podium Block Wisma Synergy, Lot 72, Persiaran Jubli Perak, Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN. BHD.	No. A-3-11, Block Alamanda, 3 <sup>rd</sup> Floor, 10 Boulevard, Lebuhraya Sprint PJU 6A 47400 Damansara Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
<b><u>PERAK DARUL RIDZUAN</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1, 2 & 3 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1 & 2 No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
CIMB INVESTMENT BANK BERHAD	No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
KENANGA INVESTMENT BANK BHD	Ground, 1st, 2nd & 4th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BHD	Ground Floor No. 25 & 25A, Jalan Jaya 2 Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
M & A SECURITIES SDN. BHD.	5 <sup>th</sup> , 6 <sup>th</sup> & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN. BHD.	1 <sup>st</sup> Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05- 2541 533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BHD	No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Gound & 1st Floor No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Ground Floor, No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Ground Floor No.72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BHD	No. 1 & 3, First Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
TA SECURITIES HOLDINGS BHD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng, No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-013
<b><u>PENANG</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4 Jalan Perda Barat, Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Bangunan Berkath 21, Beach Street 10300 Penang Tel No.: 04-2611 688	076-015
AMINVESTMENT BANK BERHAD	Level 3, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CIMB INVESTMENT BANK BHD	Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-001
INTER-PACIFIC SECURITIES SDN. BHD.	Canton Square Level 2 & 3 No. 56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
JUPITER SECURITIES SDN. BHD.	20-1 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BHD	7th, 8th & 16th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
M & A SECURITIES SDN. BHD.	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Penang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN. BHD.	9-1-33 Taman Kheng Tian Jalan Van Praagh 11600 Georgetown Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN. BHD.	48 Jalan Todak 2 13700 Seberang Jaya Penang Tel No.: 04-2409 319	012-006
MALACCA SECURITIES SDN. BHD.	No.17, 1 <sup>st</sup> Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-007
MAYBANK INVESTMENT BANK BERHAD	Ground Floor Bangunan KWSP No.38 Lot PT 8, Seksyen 14 Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006
MERCURY SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN. BHD.	2nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Penang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN. BHD.	70-1-22, Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN. BHD.	3rd Floor, Wisma Wang 251-A Jalan Burmah 10350 Penang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BHD	Ground Floor– Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuh Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042
TA SECURITIES HOLDINGS BHD	3rd Floor, Bangunan Heng Guan 171, Jalan Burmah 10050 Penang Tel No. : 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN. BHD.	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
<b><u>KEDAH DARUL AMAN</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011

Name	Address and Telephone Number	Broker Code
ALLIANCE INVESTMENT BANK BHD	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
MALACCA SECURITIES SDN. BHD.	No. 9 Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No.: 04- 7300 299	012-017
RHB INVESTMENT BANK BHD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BHD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BHD	Ground & 1st Floor 214-A & 214-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
<b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BHD	1C & 1D, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Ground Floor, Wisma HM No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floor 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BHD	1st Floor No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421 000	087-037
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 346 & 347, Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046
<b><u>MELAKA</u></b>		
CIMB INVESTMENT BANK BHD	No 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 897	065-006
KENANGA INVESTMENT BANK BHD	71 & 73 (Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN. BHD.	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O Box 248 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN. BHD.	81B & 83B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN. BHD.	No. 6-1, Jalan Lagenda 2 Taman 1 Legenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2849 885	087-002
RHB INVESTMENT BANK BHD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BHD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008
UOB KAY HIAN SECURITIES (M) SDN. BHD.	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
<b><u>JOHOR DARUL TAKZIM</u></b>		
ALLIANCE INVESTMENT BANK BHD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2nd, 3rd, 4th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
AMINVESTMENT BANK BERHAD	31st Floor, Metropolis Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 699	086-001
CIMB INVESTMENT BANK BERHAD	No. 73 Ground Floor, No. 73A & 79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011
AFFIN HWANG INVESTMENT BANK BHD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
INTER-PACIFIC SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN. BHD.	30-1 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 515	073-009
KENANGA INVESTMENT BANK BHD	No. 33 & 35 A & B, Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BHD	Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
M & A SECURITIES SDN. BHD.	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
MALACCA SECURITIES SDN. BHD.	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulai Jaya Johor Darul Takzim Tel No: 010-2228 313	012-010
MALACCA SECURITIES SDN. BHD.	Lot 880, Batu 3A ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-015
MALACCA SECURITIES SDN. BHD.	31-B Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4381 533	012-016
MERCURY SECURITIES SDN. BHD.	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN. BHD.	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333 608	064-008
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BHD	No. 33-1, 1st and 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Grounf & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	1st Floor No.2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
TA SECURITIES HOLDINGS BHD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel no.: 07-3647 388	058-011
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2197 575	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
<b><u>KELANTAN DARUL NAIM</u></b>		
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground Floor & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015

Name	Address and Telephone Number	Broker Code
<b><u>PAHANG DARUL MAKMUR</u></b>		
ALLIANCE INVESTMENT BANK BHD	B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BHD	Ground 1st & 2nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-007
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN. BHD.	P11-3 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No: 09-2220 993	012-008
RHB INVESTMENT BANK BHD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BHD	Ground & 1st Floor 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
<b><u>TERENGGANU DARUL IMAN</u></b>		
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
RHB INVESTMENT BANK BHD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BHD	1st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No.37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6224 766	078-016
<b><u>SABAH</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9 <sup>th</sup> Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
CIMB INVESTMENT BANK BHD	1st – 3rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
UOB KAY HIAN SECURITIES (M) SDN. BHD.	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 177 & 178 Ground Floor, Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012

Name	Address and Telephone Number	Broker Code
<b><u>SARAWAK</u></b>		
AFFIN HWANG INVESTMENT BANK BHD	No. 282, 1st Floor Park City Commercial Centre, Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 08 6-330 008	068-016
AMINVESTMENT BANK BERHAD	No. 162, 164, 166 & 168 1st Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001
CIMB INVESTMENT BANK BERHAD	Aras 1 (Utara) Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
KENANGA INVESTMENT BANK BHD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BHD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BHD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000, Bintulu Sarawak Tel No.: 086-337 588	073-018
MERCURY SECURITIES SDN. BHD.	1st Floor No.16 Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	Lot 1268, 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BHD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BHD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground Floor & First Floor No.16 Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018