

6. INFORMATION ON OUR GROUP (Cont'd)

6.3 SUBSIDIARIES AND ASSOCIATED COMPANY

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

6.3.1 Subsidiaries

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

Notes:

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.2 Associated company

| Company | Registration No. (Company No.) | Date / Place of incorporation | Principal of place of business | Effective of equity interest % | Principal activities |
|--|-----------------------------------|-------------------------------------|--------------------------------------|---|----------------------|
| Associated company of Keyfield Offshore | | | | | |
| Naka Bayu | 201601020855 (1191793-U) | 17 June 2016 / Malaysia | Malaysia | 49.0 ⁽¹⁾ | Inactive |

Note:

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

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

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

6.4 MATERIAL INVESTMENTS AND DIVESTITURES

6.4.1 Material investments

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

Notes:

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.4.1.1 History and background of our vessels

(i) LS1

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

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

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

Note:

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

(ii) LS2

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

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

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

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

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

Note:

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

(iii) Falcon

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

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

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

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

Notes:

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

(iv) Compassion and Commander

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

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

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

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

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

Notes:

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

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

(v) Grace

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

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

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

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

(vi) Kindness

On 11 October 2021, Keyfield Offshore entered into a shipbuilding contract with Vantage Construction (Hong Kong) Co Limited to acquire Kindness for a purchase consideration of USD4.3 million (equivalent to RM17.7 million). Keyfield Offshore took legal ownership of Kindness on 9 November 2021.

Kindness arrived in Malaysia in March 2022 and commenced operations in May 2022 after completing the installation of additional equipment including towing gears and VSAT equipment, as well as the required safety inspections.

The purchase consideration for Kindness of USD4.3 million was satisfied in the following manner:

| Source of funds | USD'million | RM'million |
|--|--------------------|---------------------|
| • Advances from Lavin Group | ⁽¹⁾ 1.0 | 4.2 |
| • Issuance of Keyfield Offshore CRNCPS to Stratos Private Equity | 3.3 | ⁽²⁾ 13.5 |
| Total purchase consideration | 4.3 | 17.7 |

Notes:

- (1) Pursuant to a promissory note dated 11 October 2021 as set out in Section 6.16(xx), Lavin Group had advanced a sum of USD1.0 million (equivalent to RM4.2 million) to Keyfield Offshore. This amount has been fully repaid in December 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) On 24 November 2021, Keyfield Offshore issued a total of 15,562,500 cumulative redeemable non-convertible preference shares (Keyfield Offshore CRNCPS) at the issue price of RM1.00 to Stratos Private Equity. The proceeds for the issuance were utilised as follows:

| | <u>RM'million</u> |
|---|--------------------|
| Part finance the acquisition of Kindness | 13.5 |
| Additional equipment and mobilisation related expenses for Kindness | 2.1 |
| Total | <u>15.6</u> |

The above Keyfield Offshore CRNCPS has been fully redeemed as follows:

- (i) RM10.0 million via the drawdown of a 4-year term loan from Alliance Bank Malaysia Berhad in September 2022.
- (ii) RM5.6 million via our internally generated funds in November 2022.

(vii) Lestari

In 2014, Lestari was first delivered by its shipbuilder, Jiangsu Hongqiang Marine Heavy Industry Co Ltd to Permata Bentara (L) Ltd. In 2023, Lestari was put up for sale via a public auction by the Sheriff of the Admiralty Court Kuala Lumpur. Keyfield Offshore had bid for and such bid was accepted by the Kuala Lumpur Admiralty High Court. Subsequently, Keyfield Offshore completed the acquisition of Lestari in March 2023.

The acquisition was funded by Keyfield Offshore's internally generated funds.

(viii) Blooming Wisdom

In 2022, Blooming Wisdom was first delivered by its shipbuilder, Nantong Yahua Shipbuilding Group Co Ltd to Azulite Bloom Sdn Bhd.

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

| | <u>Blooming Wisdom RM'million</u> |
|--------------------------------|---------------------------------------|
| Cash purchase price | 85.0 |
| Finance charges ⁽¹⁾ | 9.9 |
| Total purchase consideration | <u>94.9</u> |

Note:

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

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

6. INFORMATION ON OUR GROUP (Cont'd)

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

Currently, the monthly instalment for Blooming Wisdom is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024, through the following:

- (i) RM65.0 million from the IPO proceeds. Please refer to Section 4.10(iii) for further details; and
- (ii) RM0.5 million from our internally generated funds.

Such full settlement by April 2024 will result in our Group being granted a reduction in finance charge of RM5.7 million. The actual reduction in finance charge will vary in accordance with the actual settlement date.

(ix) Helms 1

In 2017, Helms 1 was first delivered to its first owner, POET. POET had bareboat chartered it to Keyfield Offshore from August 2021 to September 2022. POET subsequently sold Helms 1 to Sea Steel Sdn Bhd, who bareboat chartered Helms 1 to Keyfield Resolute from September 2022 to April 2023.

In April 2023, Keyfield Offshore entered into a memorandum of agreement with Sea Steel Sdn Bhd to acquire Helms 1 for a purchase consideration of RM50.5 million which consists of the following:

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

Note:

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

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

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

Currently, the monthly instalment for Helms 1 is being paid by our Group from our internally generated funds. We intend to fully settle the balance purchase consideration by April 2024, through the following:

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

- (i) RM35.0 million from the IPO proceeds. Please refer to Section 4.10(iv) for further details; and
- (ii) RM6.2 million from our internally generated funds.

Such full settlement by April 2024 will result in our Group being granted a reduction in finance charge of RM3.2 million. The actual reduction in finance charge will vary in accordance with the actual settlement date.

(x) **IMS Aman**

In 2009, IMS Aman was first delivered by its shipbuilder, Muhibbah Marine Engineering Sdn Bhd to Inno Marine Services Sdn Bhd.

In January 2024, Keyfield Offshore had entered into a Sale and Purchase Agreement with Khas Jejaka Sdn Bhd, a subsidiary of Muhibbah Engineering (M) Bhd, for the acquisition of IMS Aman for a purchase consideration of RM34.8 million. The acquisition price was below the market value after taking into consideration the market value of IMS Aman as assessed by a professional valuer. Keyfield Offshore completed the acquisition and took delivery of IMS Aman in January 2024.

The acquisition was funded via Keyfield Offshore's internally generated funds.

The procedures relating to the acquisition of vessels is set out below:

- (i) Our management team is in contact with shipyards, shipbrokers, other vessel owners and industry players regarding vessels which are available for sale and their indicative prices.
- (ii) Should there be any vessel for sale which meets our criteria, we will then enter into the next stage of discussions with the potential vendor regarding our potential acquisition.

Among others, our criteria are as follows:

- (a) The vessel fits our strategic growth objectives.
- (b) The vessel's specifications are of a certain standard which meets the criteria of our customers.
- (c) The various important equipment on board, such as engine, generators, thrusters, air-conditioning system, crane, winches, Dynamic Positioning equipment (if applicable) are supplied by reputable manufacturers.
- (d) If the vessel is an existing vessel (i.e. 'secondhand'), the vessel is in a good working condition. In the event that the vessel is not in a good working condition, we will impute the potential repair costs into our acquisition costs.
- (e) Whether the vessel has a track record of working for customers in Malaysia.
- (f) We are able to meet the payment terms imposed by the vendor.
- (g) The vessel is able to generate returns on our investment.

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- (iii) We will perform an inspection on the vessel to check on their specifications and general condition. We will also appoint third party inspectors as and when necessary.
- (iv) We will engage an experienced and professional valuer to assess the market value of the vessel.
- (v) We will also impute the various cost relating to the delivery and mobilisation of the vessel. For example, if the vessel is located overseas, we will need to impute the cost of sailing or towing to Malaysia.
- (vi) We will obtain our Board's approval to proceed with the acquisition.
- (vii) We will proceed to sign an agreement with the vendor to acquire the vessel after all the terms have been agreed upon.
- (viii) We take delivery of the vessel and prepare her for our vessel chartering business.

6.4.2 Material divestitures

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past FYEs, FPE Sep 2023 and up to the LPD:

| Description | FYE | FYE | FYE | FPE Sep | From 1 |
|--|---------------|---------------|---------------|----------------|-------------------|
| | 2020 | 2021 | 2022 | 2023 | October |
| | RM'000 | RM'000 | RM'000 | RM'000 | 2023 up to |
| | | | | | the LPD |
| | | | | | RM'000 |
| <u>Property, plant and equipment:</u> | | | | | |
| Motor vehicle | - | - | 550 | - | - |
| <u>Investment property:</u> | | | | | |
| Avantas Residensi | (1)2,585 | - | - | - | - |
| <u>Right-of-use assets:</u> | | | | | |
| Helms 1 | - | - | (2)10,066 | (3)8,631 | - |

Notes:

- (1) Kindly refer to the sale and purchase agreement dated 7 July 2020 as set out in Section 6.16(ii).
- (2) POET had sold Helms 1 to Sea Steel Sdn Bhd in FYE 2022 and as such, the bareboat charter agreement between POET and our Group for Helms 1 was terminated. This amount represents the value of the right-of-use asset derecognised by our Group arising from such termination. Thereafter, we entered into an agreement with Sea Steel Sdn Bhd to bareboat charter Helms 1, resulting in the addition to right-of-use asset as detailed in Section 6.4.1.
- (3) Our Group acquired Helms 1 from Sea Steel Sdn Bhd in April 2023, as detailed in Section 6.4.1.1(ix) and as such, the bareboat charter agreement between Sea Steel Sdn Bhd and our Group for Helms 1 was terminated. This amount represents the value of the right-of-use asset derecognised arising from such termination.

Kindly refer to Section 11.6.1 for details of our material capital commitments as at the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

As at the LPD, we have not identified any other companies' shares for acquisition.



6.6 PRINCIPAL BUSINESS ACTIVITIES

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





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

The accommodation vessels we charter primarily cater for the upstream oil and gas industry. Our customers primarily comprise PCSB, PACs, oil and gas contractors and offshore support vessel owners.





As at the LPD, we own 11 accommodation vessels of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. The available accommodation capacity of these vessels are as follows:

| Vessel size segment | Vessel Name | Available accommodation capacity ⁽¹⁾ (persons) | |
|----------------------|--|---|-------|
| | | Passengers | Total |
| Smaller sized vessel | Kindness  | 34 | 50 |
| | Helms 1  | 28 | 48 |


6. INFORMATION ON OUR GROUP (Cont'd)

| Vessel size segment | Vessel Name | Available accommodation capacity ⁽¹⁾ (persons) | |
|---------------------|--|---|-------|
| | | Passengers | Total |
| Medium sized vessel | Grace  | 110 | 150 |
| | Lestari  | 140 | 180 |
| | Compassion  | 150 | 192 |
| | IMS Aman  | 153 | 198 |

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| Vessel size segment | Vessel Name | Available accommodation capacity ⁽¹⁾ (persons) | |
|---------------------|---|---|-------|
| | | Passengers | Total |
| | Commander  | 155 | 200 |
| | Falcon  | 155 | 200 |
| | LS1  | 160 | 208 |
| | LS2  | 160 | 208 |

6. INFORMATION ON OUR GROUP (Cont'd)

| Vessel size segment | Vessel Name | Available accommodation capacity ⁽¹⁾ (persons) | |
|---|--|---|--------------|
| | | Passengers | Total |
| Larger sized vessel | Blooming Wisdom | 420 | 500 |
| |  | | |
| Total available accommodation capacity | | 1,665 | 2,134 |

Note:

(1) Such available capacity of 2,134 persons can be utilised by both the passengers of our charterer as well as our own crew members. Out of this, the available accommodation capacity for passengers for our own vessels is 1,665 persons.

In addition to our own vessels, we also:

- (i) Bareboat charter Daya Indah Satu and Daya Ceria as at the LPD, both DP2-equipped AHTS with accommodation capabilities of 50 personnel each; and
- (ii) Time charter various third party vessels as and when required by our customers, on spot basis.

Full details of our fleet of own vessels are stated in Section 6.6.3 while details of the third party vessels which we have chartered during the past FYEs are stated in Section 6.6.4.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.6.1 Our business model

Our business model can be summarised as follows:

| Principal activities | Revenue model | Customer segments |
|--|---|--|
| (i) Chartering of own accommodation vessels and provision of related onboard services | (i) Chartering revenue ⁽¹⁾ | <ul style="list-style-type: none"> • PCSB and PACs • Oil and gas contractors • Other offshore support vessel owners |
| (ii) Chartering of third party accommodation vessels and provision of related onboard services | (ii) Catering and laundry service revenue ⁽²⁾ | |
| | (iii) Other revenue ⁽³⁾ from additional services or equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys | |

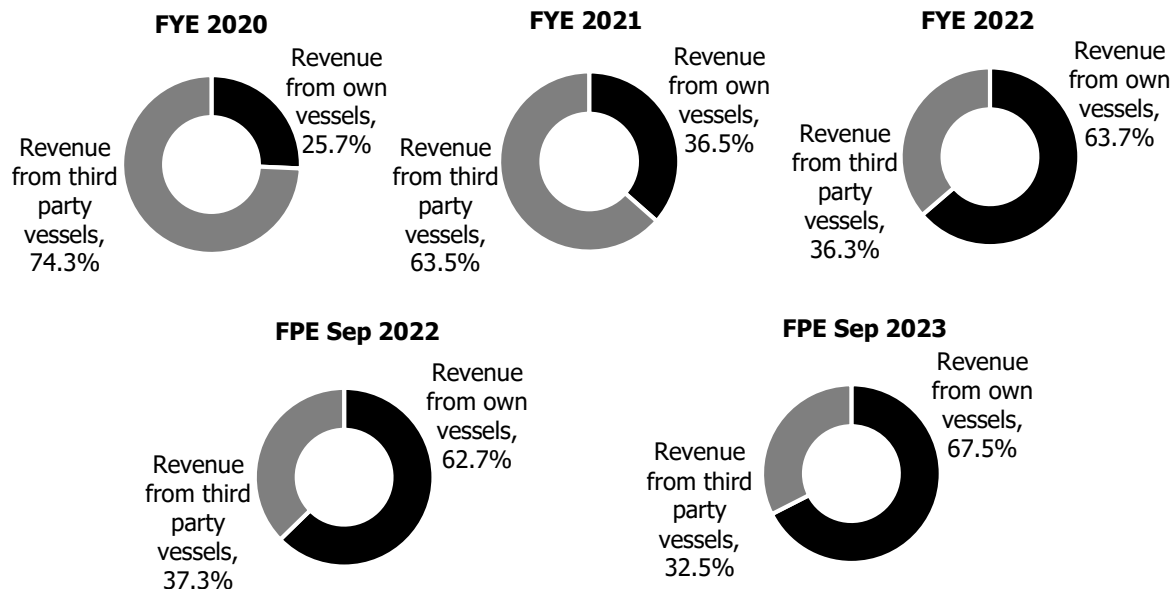
Notes:

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

6. INFORMATION ON OUR GROUP (Cont'd)

6.6.2 Principal Business Segments and Markets

The breakdown of our Group's revenue segmentation by principal business activities is as follows:



For the FYEs 2020 to 2022, revenue from the charter of vessels constituted between 79.2% and 85.4% of our Group's total revenue, with the balance from catering and laundry service revenue and other revenue.

For the FYEs 2020 to 2022 as well as FPEs Sep 2022 and Sep 2023, the chartering of own accommodation vessels and provision of related onboard services constituted 25.7%, 36.5%, 63.7%, 62.7% and 67.5% respectively of our Group's annual revenue. Meanwhile, the chartering of third party accommodation vessels and provision of related onboard services constituted 74.3%, 63.5%, 36.3%, 37.3% and 32.5% respectively of our Group's annual revenue.






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

6.6.3 Key specifications of our own accommodation vessels




As at the LPD, we own 11 Malaysian-flagged accommodation vessels. All of these vessels have been registered with the Marine Department Malaysia. All of these vessels have commenced operations since June 2023, save for IMS Aman which became part of our fleet in January 2024 and commenced operations as our own vessel in mid March 2024.

6. INFORMATION ON OUR GROUP (Cont'd)

A typical accommodation vessel has the following features:

| Features/Amenities | Description |
|--|--|
| <p>(a) Crane</p>  | <p>Crane is used to lift offshore equipment and materials to/from the offshore oil and gas platform and has man-riding capabilities (where offshore personnel can be carried using a personnel transfer basket to/from offshore oil and gas platform).</p> <p>The crane(s) must comply with operational requirements by PACs and the American Petroleum Institute specifications (API 2C) 7th Edition.</p> |
| <p>(b) Workable deck space</p>  | <p>Workable deck space refers to deck space allocated for the storage of offshore equipment and material before it is lifted using the crane to the offshore oil and gas platform, as well space to perform offshore oilfield activities.</p> |
| <p>(c) VSAT</p>  | <p>VSAT is used in the transmission and receipt of data, voice and video signals over satellite communication network to enable internet connectivity and real-time vessel tracking system.</p> |
| <p>(d) Bridge</p>  | <p>The bridge is the main control centre of the vessel, from where the Master and officers are able to man the entire operations. It houses the manoeuvring and navigation equipment, communication systems as well as miscellaneous features.</p> <p>Accommodation vessels typically have 360° view bridge, allowing for Master and officers to have full view of the surrounding and control manoeuvre the vessel forward and backwards in a single bridge.</p> |
| <p>(e) Cabins</p>  | <p>Cabins are for lodging purposes. The cabins should comply with the Maritime Labour Convention 2006 guidelines in terms of room size and height requirement.</p> <p>Accommodation vessels typically have different types of cabins, i.e. 1-man cabins, 2-men cabins and 4-men cabins. These cabins are fitted with bathrooms and intercom telephones; and some are equipped with televisions and radio antenna sockets. The cabins also have in-built windows which allow for natural sunlight to enter.</p> |

6. INFORMATION ON OUR GROUP (Cont'd)

| | |
|--|---|
| <p>(f) Hospital</p>  | <p>Hospital is for treatment of sick persons and must be constructed to be in compliance with operational requirements set out by PACs and Marine Labour Convention 2006.</p> |
| <p>(g) Mess room</p>  | <p>Mess room is a dining room. It also serves as a safety briefing room or function room. A mess room is typically equipped with water dispenser and a public fridge.</p> |
| <p>(h) Galley</p>  | <p>Galley is a kitchen used for preparation of meals for offshore personnel and crew members. It is fitted with freezers, chillers and provision room.</p> |



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6. INFORMATION ON OUR GROUP (Cont'd)



The key specifications of our own accommodation vessels are as follows:

| LS1 | | LS2 | |
|---|---|--|---|
|  | |  | |
| Class: | RINA | Class: | RINA |
| Year first delivered: | 2017 | Year first delivered: | 2020 |
| Year delivered to our Group: | 2017 | Year delivered to our Group: | 2020 |
| Overall length: | 78.0 metres | Overall length: | 78.0 metres |
| Gross weight: | 4,025 tonnes | Gross weight: | 4,025 tonnes |
| Breadth moulded: | 20.0 metres | Breadth moulded: | 20.0 metres |
| Capacity: | 208 persons-on-board comprising offshore personnel and crew members | Capacity: | 208 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 64 rooms | Number of accommodation rooms: | 64 rooms |
| Engine: | 2 x 2,733 BHP Diesel engine | Engine: | 2 x 2,733 BHP Diesel engine |
| Workable deck space: | Approximately 700 m ² | Workable deck space: | Approximately 700 m ² |
| Safe working load of crane: | 50 tonnes at 15-metre radius | Safe working load of crane: | 50 tonnes at 15-metre radius |
| DP/Mooring System: | 4-point mooring | DP/Mooring System: | 4-point mooring |
| Fuel capacity: | 1,051.7 m ³ | Fuel capacity: | 1,051.7 m ³ |
| VSAT internet connectivity: | C-Band, up to 20Mbps | VSAT internet connectivity: | C-Band, up to 20Mbps |
| Other additional features: | N/A | Other additional features: | N/A |



6. INFORMATION ON OUR GROUP (Cont'd)

| Falcon | | Compassion | |
|---|---|--|---|
|  | |  | |
| Class: | RINA | Class: | RINA |
| Year first delivered: | 2017 | Year first delivered: | 2019 |
| Year delivered to our Group: | 2021 | Year delivered to our Group: | 2022 |
| Overall length: | 80.0 metres | Overall length: | 85.0 metres |
| Gross weight | 5,312 tonnes | Gross weight | 4,951 tonnes |
| Breadth moulded: | 20.0 metres | Breadth moulded: | 22.0 metres |
| Capacity: | 200 persons-on-board comprising offshore personnel and crew members | Capacity: | 192 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 65 rooms | Number of accommodation rooms: | 56 rooms |
| Engine: | 2 x 4,000 BHP Diesel-electric hybrid propulsion system | Engine: | 2 x 3,000 BHP Diesel engine |
| Workable deck space: | Approximately 820 m ² | Workable deck space: | Approximately 800 m ² |
| Safe working load of crane: | 70 tonnes at 13-metre radius | Safe working load of crane: | 80 tonnes at 25-metre radius |
| DP/Mooring System: | DP2 and 4-point mooring | DP/Mooring System: | DP2 and 4-point mooring |
| Fuel capacity | 1,400 m ³ | Fuel capacity | 1,150 m ³ |
| VSAT internet connectivity: | C-Band, up to 20Mbps | VSAT internet connectivity: | C-Band, up to 20Mbps |
| Other additional features: | N/A | Other additional features: | <ul style="list-style-type: none"> • Moonpool • Helideck • Cement tank |



6. INFORMATION ON OUR GROUP (Cont'd)

| Commander | | Grace | |
|---|---|--|---|
|  | |  | |
| Class: | RINA | Class: | ABS ⁽³⁾ |
| Year first delivered: | 2008 | Year first delivered: | 2021 |
| Year delivered to our Group: | 2022 | Year delivered to our Group: | 2022 |
| Overall length: | 75.0 metres | Overall length: | 78.0 metres |
| Gross weight: | 3,276 tonnes | Gross weight: | 4,938 tonnes |
| Breadth moulded: | 20.0 metres | Breadth moulded: | 20.0 metres |
| Capacity: | 200 persons-on-board comprising offshore personnel and crew members | Capacity: | 150 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 57 rooms | Number of accommodation rooms: | 67 rooms |
| Engine: | 2 x 2,960 BHP Diesel engine | Engine: | 2 x 3,000 BHP Diesel engine |
| Workable deck space: | Approximately 482 m ² | Workable deck space: | Approximately 850 m ² |
| Safe working load of crane: | 30 tonnes at 12-metre radius | Safe working load of crane: | 64 tonnes at 13-metre radius |
| DP/Mooring System: | DP2 and 4-point mooring | DP/Mooring System: | DP2 and 4-point mooring |
| Fuel capacity: | 496.2 m ³ | Fuel capacity: | 1,300 m ³ |
| VSAT internet connectivity: | C-Band, up to 20Mbps | VSAT internet connectivity: | C-Band, up to 6Mbps |
| Other additional features: | N/A | Other additional features: | <ul style="list-style-type: none"> • Helideck |


6. INFORMATION ON OUR GROUP (Cont'd)

| Kindness | | Lestari | |
|---|--|--|---|
|  | |  | |
| Class: | RINA ⁽²⁾ | Class: | RINA |
| Year first delivered: | 2021 | Year first delivered: | 2014 |
| Year delivered to our Group: | 2021 | Year delivered to our Group: | 2023 |
| Overall length: | 60.0 metres | Overall length: | 70.5 metres |
| Gross weight: | 1,896 tonnes | Gross weight: | 2,914 tonnes |
| Breadth moulded: | 15.8 metres | Breadth moulded: | 19.5 metres |
| Capacity: | 50 persons-on-board comprising offshore personnel and crew members | Capacity: | 180 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 18 rooms | Number of accommodation rooms: | 52 rooms |
| Engine: | 2 x 2,544 BHP Diesel engine | Engine: | 2 x 2,000 BHP Diesel engine |
| Workable deck space: | Approximately 390 m ² | Workable deck space: | Approximately 550 m ² |
| Safe working load of crane: | N/A | Safe working load of crane: | 40 tonnes at 10-metre radius |
| DP/Mooring System: | DP1 | DP/Mooring System: | 4-point mooring |
| Fuel capacity: | 560 m ³ | Fuel capacity: | 575 m ³ |
| VSAT internet connectivity: | KU-Band, up to 5Mbps | VSAT internet connectivity: | C-Band, up to 20Mbps |
| Other additional features: | <ul style="list-style-type: none"> • Bollard pull | Other additional features: | N/A |

6. INFORMATION ON OUR GROUP (Cont'd)

| Blooming Wisdom | | Helms 1 | |
|---|---|--|--|
|  | |  | |
| Class: | RINA ⁽²⁾ | Class: | RINA ⁽²⁾ |
| Year first delivered: | 2022 | Year first delivered: | 2017 |
| Year delivered to our Group: | 2023 | Year delivered to our Group: | 2023 |
| Overall length: | 123.0 metres | Overall length: | 76.0 metres |
| Gross weight: | 18,906 tonnes | Gross weight: | 3,567 tonnes |
| Breadth moulded: | 37.8 metres | Breadth moulded: | 17.6 metres |
| Capacity: | 500 persons-on-board comprising offshore personnel and crew members | Capacity: | 48 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 179 rooms | Number of accommodation rooms: | 23 rooms |
| Engine: | N/A | Engine: | 2 x 2,500 BHP Diesel engine |
| Workable deck space: | Approximately 2,220 m ² | Workable deck space: | Approximately 700 m ² |
| Safe working load of crane: | 300 tonnes at 16-metre radius | Safe working load of crane: | N/A |
| DP/Mooring System: | 8-point mooring | DP/Mooring System: | DP2 |
| Fuel capacity: | 2,100 m ³ | Fuel capacity: | 940 m ³ |
| VSAT internet connectivity: | C-Band, up to 20Mbps | VSAT internet connectivity: | KU-Band, up to 5Mbps |
| Other additional features: | <ul style="list-style-type: none"> • Helideck | Other additional features: | <ul style="list-style-type: none"> • Moonpool |

6. INFORMATION ON OUR GROUP (Cont'd)

| IMS Aman | |
|--|---|
|  | |
| Class: | BV |
| Year first delivered: | 2009 |
| Year delivered to our Group: | 2024 |
| Overall length: | 75.0 metres |
| Gross weight: | 3,349 tonnes |
| Breadth moulded: | 20.0 metres |
| Capacity: | 198 persons-on-board comprising offshore personnel and crew members |
| Number of accommodation rooms: | 57 rooms |
| Engine: | 2 x 2,575 BHP Diesel engine |
| Workable deck space: | Approximately 600 m ² |
| Safe working load of crane: | 40 tonnes at 12-metre radius |
| DP/Mooring System: | DP2 ⁽¹⁾ and 4-point mooring |
| Fuel capacity: | 450 m ³ |
| VSAT internet connectivity: | C-Band, up to 8Mbps |
| Other additional features: | N/A |

Notes:

- (1) Currently operating as a 4-point mooring vessel. While it is equipped with DP2 system, however such system needs to be rectified at an estimated cost of RM2.0 million. The estimated cost is provided by the equipment supplier and engineering contractor which will undertake the rectification work. Such cost will be borne by us and is expected to be incurred in the fourth quarter of 2024.
- (2) During 2023, we had streamlined the classification of these vessels to be the same as our existing vessels. The classification of these vessels was changed from BV/ABS to RINA and no approval is necessary as the changes were from one IACS member (i.e. BV, RINA and ABS) to another.
- (3) We intend to change the classification of Grace to RINA at a later date.

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

6.6.4 Chartering of third party vessels and provision of related onboard services

Bareboat charter arrangements for Daya Indah Satu and Daya Ceria

In September 2022, Keyfield Resolute entered into a bareboat charter arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Indah Satu for a period of 1 year from 1 November 2022 until 31 October 2023, with an extension of 1 year at our Group's option, which has been exercised by us.

In May 2023, Keyfield Offshore entered into a bareboat charter arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Ceria for a period of 1 year from 18 July 2023 to 17 July 2024, with an extension of 1 year at our Group's option.

Daya Indah Satu and Daya Ceria are both DP2-equipped AHTS with accommodation capabilities of 50 personnel each. Similar to Kindness, these vessels will enable us to cater for projects that require less offshore personnel and also undertake projects such as anchor deployment, towing and re-stocking of supplies.

Under the above bareboat charter arrangement, we are responsible for the daily operations of the vessels during the bareboat charter period. These operations include:

- (i) Employment of marine and catering crew members;
- (ii) Repairs and maintenance of the vessels; and
- (iii) Insurance (both Hull and Machinery as well as Protection and Indemnity insurance).

Time charter arrangement for other third party vessels

In addition to operating our fleet of own vessels, we also charter third party vessels on a spot basis to fulfil demand from our customers.

In the past, we have been invited to tender and/or requested to quote for the chartering of vessels, and/or secure Chartering Contracts in cases where our own accommodation vessels were chartered out on another contract. In such cases, we optimise our revenue stream by participating in these tenders and/or responding to the quotations with third party vessels.

We are able to participate in the tender applications, submit our quotations and/or secure more Chartering Contracts than our own accommodation vessels can fulfil as we have:

- (i) Access to a network of vessel owners. By leveraging on our network, we have been able to access and source vessels that meet customers' requirements within the timeframe required and at favourable rates, allowing us to maintain our profitability; and
- (ii) The ability to source vessels that meet certain specifications and types, such as number of cabins and number of persons-on-board, maximum safe working load of cranes, workable deck space as well as DP2 or 4-point mooring system.

6. INFORMATION ON OUR GROUP (Cont'd)

Our network of third party vessel owners/disponent owners have continuously worked with us in the past largely because of the following reasons:

(a) We are able to secure Chartering Contracts

We specialise in the chartering of accommodation vessels and have thus concentrated our marketing efforts and resources on this market segment. Hence, we actively participate in many tender applications and requests for quotations, resulting in us securing many Chartering Contracts.

Further, we are:

- (i) a PETRONAS licence holder in respect of SWEC code 21121510S; and
- (ii) a panel contractor to PCSB and PACs.

The above allows us to be invited to participate in tenders relating to accommodation vessels issued by PCSB, PACs and oil and gas contractors, providing us with access to more opportunities than third party vessel owners that do not have the PETRONAS licence and/or LOA For Umbrella Contracts.

As such, in the event the third party accommodation vessel is not utilised for another Chartering Contract, the owners/disponent owners will opt to charter out their vessel through us to increase the utilisation of their vessel.

(b) We undertake the overall management, execution and delivery of the Chartering Contract

In all of our Chartering Contracts, we are responsible for the overall management, execution and delivery of the activities specified in the Chartering Contract which entails ensuring all accommodation vessels meets the customers' requirements; overseeing and managing all processes (from pre-hire inspection to demobilisation stages) to ensure that they are professionally carried out within the timeframe required by our customers; constantly communicating with both of our customer/charterer and third party vessel owner/disponent owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to; and managing and overseeing that all additional services and equipment are appropriately carried out by suppliers.

Types of arrangements with third party vessel owners/disponent owners

We have 3 types of arrangements with the owner/disponent owner of the vessels for each Chartering Contract:

- (i) The third party vessel owner/disponent owner provides the vessels on a bareboat charter basis. In these cases, our Group will then source, recruit and manage the required crew members to undertake all onboard services as well as source for additional services and equipment required by our customers (referred to as "Category 1");
- (ii) The third party vessel owner/disponent owner provides the vessels, and marine crew members, to undertake the operation and maintenance of the vessel and provide medical support services. In these cases, our Group will source and recruit catering and housekeeping crew members to undertake the catering, housekeeping and laundry services as well as additional services and equipment required by our customers (referred to as "Category 2"); and

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) The third party vessel owner/disponent owner provides the vessels, all crew members and all onboard related services. In these cases, our Group will ensure all of these crew members meet the customers' requirements, and source for additional services and equipment required by our customers (referred to as "Category 3").

There have also been instances where we:

- (a) Provide catering services for third party vessels; and
- (b) Ship management services for third party vessels.

Items (a) and (b) above are collectively referred to as "Other Categories".

In relation to the 3 arrangements listed above (i.e. Category 1, 2 and 3), the roles of our Group and the third party vessel owner/disponent owner is summarised in the table below:

Our Group's responsibilities

| | Category 1 | Category 2 | Category 3 |
|--|-------------------|--|--|
| Overall management, execution and delivery of the activities specified in the Chartering Contract ⁽¹⁾ | Yes | Yes | Yes |
| Providing marine crew members and ship management services ⁽²⁾ | Yes | No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria | No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria |
| Providing catering and housekeeping crew members | Yes | Yes | No. However, we have to ensure that the proposed crew members by the third party owner/disponent owner meets our customers' criteria |
| Sourcing and management of additional services and equipment | Yes | Yes | Yes |

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6. INFORMATION ON OUR GROUP (Cont'd)

Third party vessel owner/disponent owner's responsibilities:

| | Category 1 | Category 2 | Category 3 |
|--|-------------------|--|---|
| Overall management, execution and delivery of the activities specified in the Chartering Contract ⁽¹⁾ | No | No | No |
| Providing a suitable accommodation vessel | Yes | Yes | Yes |
| Providing marine crew members and ship management services ⁽²⁾ | No | Yes. However, the third party vessel owner may not fully meet all of the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications | Yes. However, the third party vessel owner may not fully meet all of the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications |
| Providing catering and housekeeping crew members | No | No | Yes. However, the third party vessel owner may not fully meet the requirements of the customer and industry, or may not be able to source for suitable crew members that have relevant experience, expertise and qualifications. This may happen as we are more familiar with the requirements of the customers as we have served them before |
| Sourcing and management of additional services and equipment ⁽³⁾ | No | No | No |

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Overall management, execution and delivery of the activities specified in the Chartering Contracts include ensuring all vessels meets the customers' requirements; overseeing and managing all processes (from pre-hire inspection to demobilisation stages) to ensure that these are professionally carried out within the timeframe required by our customers; constantly communicating with both our customer/ charterer and third party vessel owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to; and managing and overseeing that all services are appropriately carried out by suppliers such as BMS/TMS, anchor pattern drawing services and mooring analysis.
- (2) Ship management services involve the operation of the vessels; upkeep and maintenance of the vessels including arranging for intermediate survey and special survey, repairs and maintenance; and ensuring the vessels are sea-worthy and operating at optimal conditions by obtaining the certification and accreditation from a classification society and/or potential charterer.
- (3) Sourcing and management of additional services and equipment includes the sourcing of additional services and equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys, and ensuring the appropriate implementation and execution of these services and equipment.

Our Group's roles and responsibilities for all of the Chartering Contracts are as detailed below:

- **Management of vessels from pre-hire and on-hire to demobilisation stage**

From the time a Chartering Contract is secured, the entire Chartering Contract involves a full set of processes which begins from pre-hire inspection, to the on-hire, anchor deployment, securing, gangway installation, operation and demobilisation of vessels. We oversee and manage all of these processes to ensure that these are professionally carried out within the timeframe required by our customers. We also are in constant communication with both our customer/ charterer and third party vessel owner/disponent owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to. This includes managing and overseeing that all services carried out by suppliers such as BMS/TMS, anchor pattern drawing services and mooring analysis.

- **Catering, housekeeping and laundry services**

As an accommodation vessel is primarily a floatel that provides accommodation and various onboard amenities, onboard services such as catering, housekeeping and laundry services are key services offered on these vessels. As such, it is crucial that suitable catering and housekeeping crew members that have relevant experience, expertise and qualifications are recruited to undertake these services.

Our experience garnered since our commencement of chartering business enables us to source for the necessary catering and housekeeping crew members to allow us to efficiently and effectively deliver our services. In addition, we have an internal database of approximately 1,000 local crew members which can be recruited on a contractual basis. We thus have the capability to source, recruit and manage suitable catering and housekeeping crew members with relevant experience, expertise and qualifications to carry out the said services.

6. INFORMATION ON OUR GROUP (Cont'd)

It should be noted while the sourcing of catering and housekeeping crew members are undertaken by the respective owner/disponent owner for Category 3, we co-ordinate the recruitment of these crew members and are ultimately responsible to ensure that all these services are properly carried out. In the event the third party owners/disponent owners are unable to do so, we will have to source, recruit and manage suitable catering and housekeeping crew members with relevant experience, expertise and qualifications to carry out the said services.

In the majority of Chartering Contracts which were fulfilled by utilising third party vessels during the past FYEs, our Group sourced, recruited and managed catering and housekeeping crew members to provide catering, housekeeping and laundry services.

As the catering and housekeeping crew members were selected by us and managed by our campboss, we have more control over the quality of the services and meals provided to our customers. By being involved in these services, we are able to generate additional revenue stream;

- **Ensuring third party vessels, and marine crew members (which are tasked to operate and maintain these vessels and provide medical support services) meet our customers' requirements**

We are responsible for ensuring that for the third party vessels chartered out and marine crew members (which are tasked to operate and maintain these and provide medical support services) meet our customers' requirements as per the Chartering Contract. As our Group understands the requirements of the customer through our experience and expertise, we are able to inspect these vessels, marine crew members and/or any other crew members to ensure that they satisfy the customer's / charterer's pre-hire inspections.

The pre-hire inspection process is undertaken by the charterer's representative to ensure that these vessels and crew member proposed fits the criteria. The inspection requirements involve ensuring that the vessels and crew members comply with the pre-requisite inspections and the Chartering Contract specifications, obtained necessary certifications and verifications and has undergone relevant trials.

In the event the vessel or marine crew member provided by the third party vessel owner/disponent owner do not meet these requirements, we will work with the owner/disponent owner to source suitable marine crew members that have the relevant experience, expertise and qualifications. In some cases, we will also source for another suitable vessel.

Although it is common for third party owners/disponent owners to provide the ship management services as well as their own marine crew to undertake the operation and maintenance of the vessel and medical support services, we are able to provide these services and marine crew members in the event the owner/disponent owner do not have the capability.

- **Sourcing and management of additional services and equipment**

As and when required by our customers, we also provide additional services and equipment such as BMS/TMS, anchor pattern drawing services, mooring analysis, riggers and air tuggers, provision of gangway and rental of life-saving equipment such as life jackets, life rafts and additional mooring buoys. We are also required to provide VSAT services at pre-specified internet connectivity speed.

6. INFORMATION ON OUR GROUP (Cont'd)

We typically source suppliers for all of these additional services and equipment to meet our customers' requirements in the Chartering Contract.

The revenue contribution from the above arrangements to our Group's total revenue are summarised below:

| Period | Own vessel % | Third party accommodation vessels | | | | Total % |
|--------------|-----------------|-----------------------------------|------------|------------|------------------|------------|
| | | Category 1 | Category 2 | Category 3 | Other Categories | |
| | | % | % | % | % | |
| FYE 2020 | 26 | 5 | 41 | 28 | - | 100 |
| FYE 2021 | 36 | 19 | 5 | 39 | 1 | 100 |
| FYE 2022 | 64 | 12 | 6 | 18 | - | 100 |
| FPE Sep 2023 | 68 | 6 | 9 | 17 | - | 100 |

Third party vessels chartered

During the past FYEs, FPE Sep 2023 and up to the LPD, we had chartered the following:

| Vessel name | Category | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD | Third party vessel owner / disponent owner ⁽¹⁾ |
|---|----------|------------------|------------------|------------------|--------------|-------------------------------|---|
| Permata Arau 1 (now known as Lestari) ⁽²⁾ | 3 | √ | √ | √ | - | - | Permata Trans Offshore Sdn Bhd |
| Berkat Teguh | 3 | - | √ | √ | √ | - | Shapadu Marine Sdn Bhd / Dynamic Navigation Sdn Bhd |
| Armada Firman | 2 | √ | - | - | - | - | Bumi Armada Navigation Sdn Bhd |
| Daya Indah Satu | 1 | √ | - | √ | √ | √ | Zafran Engineering Services Sdn Bhd/ Sea Steel Sdn Bhd ⁽³⁾ |
| Anis | 3 | √ | - | √ | √ | √ | Petra Resources Sdn Bhd |
| Petra Galaxy | 3 | - | √ | - | - | - | Petra Resources Sdn Bhd |
| OS One | 3 | - | √ | - | √ | √ | Lautan Semesta Sdn Bhd |
| Two Eastwind | 3 | - | √ | - | - | - | Two Marine Offshore Sdn Bhd |
| Compassion | 1 | - | ⁽⁴⁾ √ | ⁽⁴⁾ √ | - | - | Keyfield Resolute |
| Commander | 1 & 2 | ⁽⁵⁾ √ | ⁽⁵⁾ √ | N/A | - | - | Keyfield Resolute |
| Grace | 1 | - | ⁽⁴⁾ √ | ⁽⁴⁾ √ | - | - | Stratos Vessel |

6. INFORMATION ON OUR GROUP (Cont'd)

| Vessel name | Category | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD | Third party vessel owner / disponent owner⁽¹⁾ |
|--------------------------------|-----------------|-----------------|------------------|-----------------|---------------------|--------------------------------------|---|
| Helms 1 | 1 | - | √ | √ | √ | - | POET/Sea Steel Sdn Bhd ⁽⁶⁾ |
| Tegas Tara | 3 | - | - | √ | - | - | Allied Motion Sdn Bhd |
| Allianz Intrepid | 2 | - | - | √ | - | - | Allianz Middle East Ship Management LLC |
| Blooming Wisdom ⁽⁷⁾ | 2 | - | - | √ | √ | - | Azulite Bloom Sdn Bhd |
| Alya | 2 | - | - | - | √ | √ | Petra Resources Sdn Bhd |
| Nadira | 3 | - | - | - | √ | √ | Renown Metro Sdn Bhd |
| Berkat Tenang | 3 | - | - | - | √ | - | Shapadu Marine Sdn Bhd |
| Kas Marine 1 | 3 | - | - | - | √ | √ | Petra Resources Sdn Bhd |
| IMS Aman | 3 | - | ⁽⁸⁾ √ | - | √ | √ | Khas Jejaka Sdn Bhd |
| Daya Ceria | 1 | - | - | - | √ | √ | Sea Steel Sdn Bhd |
| Aulia | 3 | - | - | - | - | √ | Fun Success Limited |

Notes:

- (1) Disponent owner is the person who hires a ship (or several ships) from the third party vessel owner on bareboat charter or on time charter basis.
- (2) Lestari was acquired by Keyfield Offshore in March 2023.
- (3) In FYE 2020, we bareboat chartered Daya Indah Satu from Zafran Engineering Services Sdn Bhd. In FYE 2022, we bareboat chartered Daya Indah Satu from Sea Steel Sdn Bhd.
- (4) We had bareboat chartered Compassion and Grace from their previous owners. We completed the acquisitions of Keyfield Resolute and Grace in February 2022, and with these acquisitions, Compassion and Grace are our own vessels.
- (5) We had chartered Commander from Bumi Armada Navigation Sdn Bhd, its then owner, in FYE 2020, under Category 2. Subsequently, we bareboat chartered Commander from Keyfield Resolute (then known as Lavin Vessel 1 Sdn Bhd), after its acquisition of Commander in July 2021. We completed the acquisition of Keyfield Resolute in February 2022, and with this acquisition, Commander is our own vessel.
- (6) From August 2021 until September 2022, we bareboat chartered Helms 1 from POET, its then owner. From September 2022 until April 2023, we bareboat chartered Helms 1 from Sea Steel Sdn Bhd, its then owner. We acquired Helms 1 in April 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

- (7) We had chartered Blooming Wisdom from Azulite Bloom Sdn Bhd, its then owner, in FYE 2022. We acquired Blooming Wisdom in April 2023.
- (8) We had chartered IMS Aman from its previous owner, Khas Jejaka Sdn Bhd, in FYE 2021, FYE 2023 and January 2024. IMS Aman was acquired by Keyfield Offshore in January 2024.

Notwithstanding the usage of third party vessels, in order to achieve a higher internal utilisation rate, our Group prioritises the chartering of our own vessels over that of third party vessels.

During the past 3 FYEs 2020 to 2022, FPE Sep 2023 and up to the LPD, we have entered the following bareboat charter agreements (under Category 1):

(i) Master agreement to regulate the bareboat charter of Lavin Vessel 1's accommodation vessels

- (a) The master agreement dated 20 August 2021 ("Master Agreement") between Keyfield Offshore, Lavin Vessel 1* and Lavin Group to regulate the relationship between the parties with regard to the exclusive bareboat charter of Lavin Vessel 1's accommodation vessels, namely Compassion and Commander for a duration of 18 months from the date of the Master Agreement with an option to extend for another 18 months or such other duration as the parties may agree.

Note:

- * As at the LPD, Lavin Vessel 1 had changed its name to Keyfield Resolute.

The DCR range between RM25,000 to RM30,000 per day for chartering period not exceeding 270 days in the year following the date of the Master Agreement and RM20,000 to RM25,000 per day for chartering period exceeding 270 days in the year following the date of the Master Agreement. The DCR of Lavin Vessel 1's accommodation vessels will only be paid to Lavin Vessel 1 in respect of days where either one or both Lavin Vessel 1's accommodation vessels are being chartered by Keyfield Offshore's customers.

During the bareboat charter period, Keyfield Offshore shall at its cost be solely responsible for the operations matters of Lavin Vessel 1's accommodation vessels, including daily operations, crewing, insurance, regular or daily maintenance.

The Master Agreement further provides for the appointment of Keyfield Offshore as the ship manager for Lavin Vessel 1's accommodation vessels, and the granting of the first right of refusal to Keyfield Offshore or any member of the Keyfield Group to acquire either one or both of Lavin Vessel 1's accommodation vessels directly or through the acquisition of Lavin Vessel 1, subject to the approval of the shareholders of Keyfield Offshore and/or any other authority and/or any regulatory guidelines and legislation, if applicable.

6. INFORMATION ON OUR GROUP (Cont'd)

(b) Pursuant to the Master Agreement:

(aa) Lavin Vessel 1 and Keyfield Offshore entered into a Bareboat Charter Party Agreement dated 20 August 2021 ("Keyfield Compassion CPA") for the charter of Compassion by Lavin Vessel 1 to Keyfield Offshore; and

(bb) Lavin Vessel 1 and Keyfield Offshore entered into a Bareboat Charter Party Agreement dated 20 August 2021 ("Armada Firman 2 CPA") for the charter of Commander by Lavin Vessel 1 to Keyfield Offshore.

The Master Agreement, Keyfield Compassion CPA and Armada Firman 2 CPA were mutually terminated by the parties on 18 February 2022 pursuant to our acquisition of Lavin Vessel 1.

(ii) Bareboat charter agreement for Grace

The bareboat charter agreement dated 11 August 2021 ("Keyfield Grace Bareboat Charter Agreement") with Keyfield Offshore and Stratos Vessel, whereby Stratos Vessel agreed to charter Grace to Keyfield Offshore on bareboat basis. Further, Stratos Vessel granted first right of refusal to Keyfield Offshore or any member of Keyfield Offshore's group of companies during the term and any extensions of the Keyfield Grace Bareboat Charter Agreement to acquire Grace. Keyfield was also appointed as a ship manager of Grace, whereby Keyfield Offshore shall at its costs and expenses be solely responsible for operational matters of Grace.

This Keyfield Grace Bareboat Charter Agreement was terminated on 18 February 2022 pursuant to Keyfield Serenity's acquisition of Grace.

(iii) Agreements in relation to the bareboat charter of Helms 1

The Bareboat Charter Agreement dated 11 June 2021 between POET and Keyfield Offshore whereby Keyfield Offshore chartered Helms 1 from POET for a charter period of 3 years. POET had also agreed to us renaming the vessel to Helms and we have been appointed as the ship manager for Helms 1.

In 15 September 2022, the above agreement was terminated as POET had disposed Helms 1.

In 15 September 2022, Keyfield Resolute entered into a Bareboat Charter Agreement with Sea Steel Sdn Bhd whereby Keyfield Resolute bareboat chartered Helms 1 from Sea Steel Sdn Bhd for a charter period of 11 months, with an option to extend for another 12 months.

In 7 April 2023, the above agreement was terminated as Sea Steel Sdn Bhd had disposed Helms 1 to Keyfield Offshore.

(iv) Agreement in relation to the bareboat charter of Daya Indah Satu

The Bareboat Charter Agreement dated 21 September 2022 between Sea Steel Sdn Bhd and Keyfield Resolute whereby Keyfield Resolute chartered Daya Indah Satu from Sea Steel Sdn Bhd for a period of 1 year from 1 November 2022 onwards, with an extension of 1 year at our Group's option which has been exercised.

As at the LPD, this Bareboat Charter Agreement for Daya Indah Satu remains valid.

6. INFORMATION ON OUR GROUP (Cont'd)

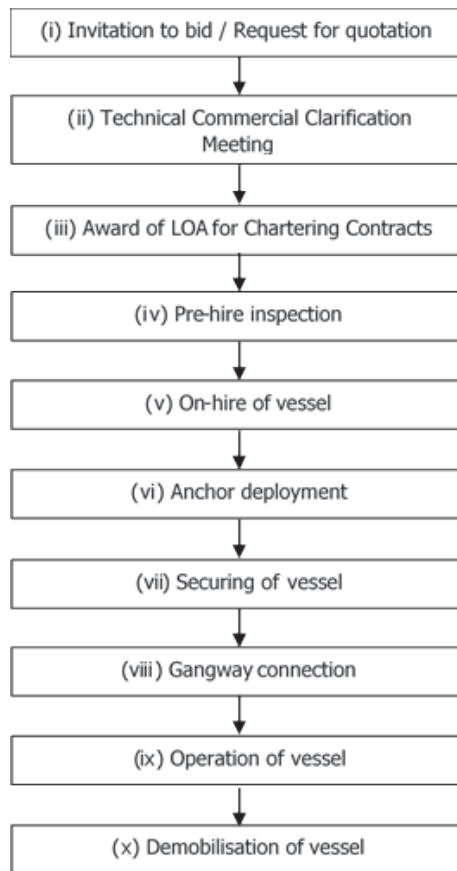
(v) Agreement in relation to the bareboat charter of Daya Ceria

The Bareboat Charter Agreement dated 17 May 2023 between Sea Steel Sdn Bhd and Keyfield Offshore whereby Keyfield Offshore bareboat chartered Daya Ceria from Sea Steel Sdn Bhd for a period of 1 year from 18 July 2023, with an extension of 1 year at our Group's option.

As at the LPD, this Bareboat Charter Agreement for Daya Ceria remains valid.

6.7 DESCRIPTION OF OUR BUSINESS

Our operational processes are as depicted below:



(i) Invitation to bid / Request for quotation

We may either receive an invitation to bid or request for quotation from PCSB, PACs, oil and gas contractors and offshore support vessel owners.

For both processes, the potential charterer will first undertake a market survey on suitable vessel owners, including our Group, on the availability, capability and pricing of vessels for a particular project. Depending on the scope of work, questionnaires will be sent to companies that are listed under a particular SWEC code.

6. INFORMATION ON OUR GROUP (Cont'd)

It is at this stage where we will submit our intention to participate and will propose a suitable vessel (our own or third party vessel) that meets the criteria set by the potential charterer. At this stage, the technical details of the vessel (and whether it is our own or third party vessel) that will be utilised for the Chartering Contract will be provided to the potential charterer.

If a third party vessel is used for the invitation to bid or request for quotation, we will have to obtain a letter of authorisation from the third party vessel owner/disponent owner beforehand.

If our proposed vessel is selected, we will either receive a tender invitation where we will submit a tender bid proposal that shall be prepared in accordance with the instructions provided, or asked by the potential charterers to provide a commercial and technical proposal.

The information requested at this stage typically consists of:

- (a) Technical specifications and scope of work (which will detail the vessel specifications, registration details, classifications and licences, facilities and amenities, information on major equipment and other additional onboard equipment as well as HSE requirements); and
- (b) Commercial terms (such as DCR, catering and laundry service fee and other fees based on number of offshore personnel, and other additional services such as BMS/TMS services and VSAT internet connectivity).

(ii) Technical commercial clarification meeting

A technical commercial clarification meeting between the potential charterer and us will take place to discuss and negotiate the technical and commercial terms of the submitted proposal. Matters such as catering services for offshore personnel, requirement for additional crew members and hiring of additional equipment such as life-saving equipment, will be discussed during the meeting. At the same time, we will also discuss and negotiate the scope of work with third party owners/disponent owners and/or other suppliers to ensure that we will be able to meet the potential charterers' specifications at the specified commercial terms.

(iii) Award of LOA for Chartering Contracts

When we have satisfied both technical and commercial clarifications put forth by the customer, a letter of award (LOA) will be issued to us, awarding the Chartering Contract to us. The LOA will specify salient commercial terms, work to be undertaken, duration and location of the Chartering Contract.

Prior to us accepting the LOA from the customer, we will first ensure the availability of the third party vessel by awarding a LOA to the third party owner/disponent owner. At this stage, should the third party vessel not be available, there will be no legal recourse action that will be taken towards the third party vessel nor will there be any legal recourse action taken towards us by our customer. Once the LOA with the third party owner/disponent owner is signed, we will accept the LOA from the customer.

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

After we sign the charter party agreement with the customer, we will then sign the charter party agreement with the third party owner/disponent owner nearer to the commencement date of the Chartering Contract. The specifications and scope of work detailed in the charter party agreement with the third party owner/disponent will mirror the specifications and scope of works in the charter party agreement with the customer.

Leading up to the commencement date of the contract, a kick-off meeting between the charterer and our Technical and Operations team will be held to review and discuss the final scope of work to be undertaken and finalise all operational details in order to ensure a smooth operation. The kick-off meeting will look into matters such as on-hire dates, minimum number of offshore personnel onboard, number of meals and menu and other scope of works.

(iv) Pre-hire inspection

A pre-hire inspection will be undertaken by the charterer's representatives to ensure that the vessels we proposed is fit to undertake the respective operation and complies with the scope of works. Pre-hire inspection requirements encompasses the following:

- (a) Offshore Vessel Inspection Database (OVID) / Offshore Support Vessel Inspection System (OSVIS): Inspection will be conducted by an authorised party registered with Oil Companies International Marine Forum (OCIMF). It is crucial that the vessels comply with the inspection requirements as:
 1. It is a pre-requisite set by the customer;
 2. It ensures that all of the vessel's documentation and trading certificates are valid and crew members are fit to undertake vessel operations. In this respect, all crew members must pass the necessary medical examinations (by the Marine Department Malaysia and PACs) and have the necessary experience and qualifications, depending on the role and level of the crew member; and
 3. It ensures the competency of the vessel's crew members and that all procedures set are compliant with charterer's requirements. There are various criteria set out by potential charterers based on the role and level of the crew member. Among some of these criteria include the crew members passing the BOSIET course and marine crew members holding a valid COC qualification. Crew members must also have attended trainings approved by the charterers, as and when required.
- (b) Class certificates and Trading Certificates: Annual inspection by IACS (i.e. BV, RINA and ABS).
- (c) Machinery and Equipment Verification: Performed by the charterer's representative.
- (d) Marine Warranty Survey will be done by third party appointed by charterer, if required.
- (e) Sea Trial: To be done prior to the commencement of every Chartering Contract. A typical sea trial covers equipment testing, trial run, checking of the entire vessel's condition (i.e. seaworthiness) as well as crew member competency while at sea.

6. INFORMATION ON OUR GROUP (Cont'd)

- (f) Contract scope compliance: Performed by the charterer's representative to ensure that the vessel complies with the scope of work mentioned in the proposal.

The charterer's representative will then issue a pre-hire inspection report. Upon satisfying the abovementioned criterion, the said vessel will be recommended to be on-hire. Costs relating to the pre-hire inspection will be paid by the charterer.

As our Group understands the pre-hire inspection process, our Group will inspect all vessels, including our own and third party vessels as well as crew members (whether employed by our Group and/or third party vessel owners/disponent owners) to ensure that they meet all of the abovementioned criteria beforehand. In cases where there were insufficient crew members that did not meet the relevant specifications, or could not carry out tasks required by the customer/ charterer that were employed by the third party, our Group is responsible to source suitable crew members that meet the relevant experience, expertise and qualifications from our internal database of local crew members.

(v) On-hire of vessel

On the pre-agreed date, the vessel sets off to the location from the mobilisation area. The mobilisation area refers to the pre-agreed area where the vessel's on-hire will take place.

At this stage, a third party bunker survey is undertaken to conduct a sounding tank check for fuel oil and fresh water prior to the start of an operation. A sounding check is required to check the tank's capacity before bunkering takes place. A third party surveyor is appointed to undertake the sound check and will sign off the on-hire certificate, which will be validated by the charterer's site representative, third party surveyor and our representative. This signifies the commencement of the Chartering Contract. Thereafter, the on-hire certificate will be given to the Master of the vessel, and the original copy of the on-hire certificate will be kept onboard the vessel.

Once the vessel is on-hire and offshore personnel have boarded the vessel, a safety briefing is conducted by charterer's authorised personnel. The charterer is responsible for leading the pre-mobilisation meeting (supported by the safety officer onboard) to brief all offshore personnel on HSE matters to be aware of while they are onboard the vessel and during operation.

Once the briefing is done, the vessel will depart to the operation location with offshore personnel and cargo properly secured. The Master will sail to the location based on the ship passage plan reported to the charterer. During sailing, the Master will continually update the charterer on the location of the vessel every 6 hours.

Upon arrival at the location, the vessel is required to be on standby in the 500m zone and await further instruction to be given by the OIM, which is the person in charge of the respective offshore oil and gas platform in the location.

These processes are managed by our Group for both own and third party vessels.

(vi) Anchor deployment

In respect of accommodation vessels, before the vessel can approach the offshore oil and gas platform and commence work, the Master of the vessel will have to wait for further instruction from the OIM to initiate the anchor deployment.

6. INFORMATION ON OUR GROUP (Cont'd)

Anchor deployment refers to the deployment of anchor positions to position the vessel in close and safe proximity to the offshore oil and gas platform as per the approved anchor pattern drawing/ mooring analysis.

Marine Controller will conduct a meeting with the charterer's representative onboard and Master of the vessel to initiate the procedure and steps to deploy the anchors as per the anchor pattern drawing/mooring analysis.

The OIM and Marine Controller will then ensure that all requirements are complied with and external factors such as weather, permits the Chartering Contract to be undertaken.

Upon receipt of approval from the OIM, the anchors are deployed with the assistance of an AHTS. The anchor deployment job will have to be performed in accordance with the approved anchor pattern drawing/ mooring analysis.

(vii) Securing of vessel

Once the anchors have been deployed as per the approved anchor pattern drawing or mooring analysis, a pre-tension test is conducted to ensure that the vessel is in the required position. The position of the vessel and anchors are monitored by the BMS/TMS.

It is also crucial that the anchor points are in position as per the approved anchor pattern drawing or mooring analysis. Should the anchor not be in position (anchor might have shifted during the pre-tension test), the AHTS will re-deploy the anchor. Under this circumstance, a pre-tension test is conducted again until all results are satisfactory.

When the pre-tension tests return with satisfactory results, the vessel is then allowed to approach the platform and prepare for gangway installation.

(viii) Gangway connection

A gangway is a raised platform or walkway providing a passage for offshore personnel to commute between the vessel and the offshore platform. The presence of a gangway reduces the commuting time for the offshore personnel.

After the gangway connection procedure is approved, the gangway team will then prepare and undertake the gangway works where they will connect the gangway to the platform.

(ix) Operation of vessel

We are responsible for overseeing and managing the operational activities during the operation of the vessel. We maintain constant communication with both our customer/ charterer and/or third party vessel owner to ensure that all services are performed as per the Chartering Contract and all concerns and issues are promptly responded to.

(x) Demobilisation of vessel

Once the offshore oilfield activities required to be performed on the offshore oil and gas platform are completed, the vessel will be prepared for demobilisation.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.1 Our revenue model**(i) Chartering revenue**

We earn revenue from chartering our own and third party vessels based on DCR which are determined on a tendered basis (based on invitation to bid from PCSB/PAC customers) or negotiated basis (based on request for quotation from non-PAC customers) and formalised through Chartering Contracts. Our revenue is recognised on a monthly basis, based on the invoiced value of services over time when the services are rendered to our customers, as well as based on the duration and rates as formalised between us and our customers via the Chartering Contracts being work orders issued by PCSB and/or PACs or, charter party agreements signed between us and oil and gas contractors. We do not enter into separate charter party agreements with PCSB and/or PACs for each of the work order issued by PCSB and/or PACS as our obligations together with the terms and conditions are set out in the corresponding Umbrella Contracts. Each work order issued by PCSB and/or PACs is to be read together with the corresponding Umbrella Contracts.

The DCR is fixed notwithstanding the number of persons-on-board the vessel. Our DCRs include the usage of the vessel as an accommodation, utility and/or maintenance vessel. It also includes services such as operation and maintenance of the vessel, housekeeping and medical support services, but excludes catering and laundry services. There are no additional charges for housekeeping and medical services as these are already included in the DCR. The DCR does not include catering, laundry or other services which is separately charged under (ii) and (iii) below to our customers. Typically, fuel costs for the vessels are borne by customers who charter these vessels.

Due to the nature of the industry, the charter period for our own and third party vessels typically range from 1 to 8 months. Some of these Chartering Contracts contain an extension clause, exercisable at the customers' option and subject to our agreement, to extend the charter term for a specified length of time.

We have also secured the following Chartering Contracts:

- (a) Chartering Contract of 1 year plus extension option of another year for Blooming Wisdom from a non-PAC customer; and
- (b) Chartering Contract of 3 years plus extension option of up to 2 years for Kindness from a non-PAC customer.

We also charge mobilisation and demobilisation fees for the vessels. Mobilisation fee refers to a one-off fee charged to the customer for bringing the vessel to the on-hire point of delivery specified by them, while demobilisation fee refers to a one-off fee charged to the customer for bringing the vessel to the off-hire point of redelivery specified. Mobilisation and demobilisation fees are recognised upon the actual mobilisation or demobilisation of the vessel.

(ii) Catering and laundry service revenue

Catering refers to the preparation and provision of F&B to the offshore personnel onboard the vessels. We are able to provide several meals a day as well as takeaway food services throughout the entire charter period.

6. INFORMATION ON OUR GROUP (Cont'd)

Catering revenue is dependent on the number of customers' offshore personnel that are onboard the vessel, which fluctuates daily. It may be subject to a minimum charge, depending on the arrangement with our customers.

Laundry service refers to the washing and drying of customers' offshore personnel's clothing. On certain occasions, we charge separate laundry fees based on the daily number of customers' offshore personnel onboard, while on other occasions, such service is packaged together with the catering service and one flat fee per person is charged.

Catering and laundry service revenue are recognised based on the number of passengers days served on the respective charter, multiplied by the agreed catering/laundry rate.

(iii) Other revenue from additional services

We also charge VSAT internet connectivity fee, based on a daily fixed rate, depending on the internet connectivity bandwidth required by the customer.

In addition, we charge for additional services and equipment provided to customers such as BMS/TMS, anchor pattern drawing, mooring analysis and rental of life-saving equipment such as life jackets and life rafts and additional mooring buoys. These fees are billed in the month when the services or equipment are rendered.

6.7.2 Dependency on our PETRONAS Licence and Umbrella Contract with PCSB

Our business is dependent on the following:

Dependency on the PETRONAS Licence

In order to be eligible to be a panel contractor and/or participate in tenders issued by PCSB, PACs and oil and gas contractors, we must have a valid PETRONAS licence issued by the PETRONAS and meet the SWEC requirements for the services that we render to our customers. Such requirements are stated in Section 6.13.

The percentage of our revenue which were contributed by the Chartering Contracts in the past FYEs and FPE Sep 2023 from PCSB, PACs as well as oil and gas contractors were collectively 96.2%, 93.4%, 98.2% and 93.0% of the total revenue in FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively.

Keyfield Offshore currently possesses PETRONAS licence with the following SWEC Codes:

| | SWEC Code | Date first obtained | ⁽¹⁾Expiry date |
|-------|---|----------------------------|----------------------------------|
| (i) | 21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge | 26 June 2018 | 25 June 2027 |
| (ii) | 21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat | 28 December 2022 | 25 June 2027 |
| (iii) | 21121518S - The provision of Platform Supply Vessel (PSV) | 16 November 2022 | 25 June 2027 |
| (iv) | 21121519S - The provision of Safety Standby/ General Purpose/ Utility Vessel | 16 November 2022 | 25 June 2027 |

6. INFORMATION ON OUR GROUP (Cont'd)

The PETRONAS licence serves as a pre-requisite for Keyfield Offshore to be invited to be a panel contractor with PCSB and PACs, in respect of a specific SWEC code. It also allows us to be invited to bid for projects by oil and gas contractors. We are dependent on the PETRONAS licence due to this pre-requisite requirement. Without the PETRONAS licence, we would not be able to generate any revenue from PCSB and PACs and we would not be able to be invited to bid for projects by oil and gas contractors.

Additional details on the PETRONAS licence is set out in Section 6.13 which, includes, inter alia, the salient terms of the PETRONAS licence as follows:

- (i) Keyfield Offshore is required to register, obtain a licence, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in company's operation and activities;
- (ii) The licence is not transferrable to any company/other party;
- (iii) The licence will be revoked if Keyfield Offshore is found to be in process of liquidation, winding up or dissolution;
- (iv) Keyfield Offshore shall inform PETRONAS of any changes related to Keyfield Offshore's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of the licence; and
- (v) According to Regulation 9 of the Petroleum Regulations 1974, a person who initiate or continue any business or continue providing services as mentioned in Regulation 3 without a licence or do not comply with any condition of the licence is committing a crime and can be fined not exceeding RM50,000.00 or imprisonment for a period not more than 2 years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 for every 1 day or any part of 1 day which the offense continues after the first conviction is recorded.

Dependency on the Umbrella Contract with PCSB

In April 2019, PCSB awarded a LOA For Umbrella Contract to Keyfield Offshore in respect of SWEC code 21121510S (as Keyfield Offshore only had one SWEC code at that particular point in time) and was subsequently followed by the Umbrella Contract with PCSB dated 1 October 2020. The Umbrella Contract awarded by PCSB supersedes the LOA For Umbrella Contract.

Our current The Umbrella Contract does not cover the additional 3 SWEC codes which we obtained in 2022. As such we have not been invited to bid for projects from PCSB and PACs under these 3 SWEC codes.

Other than Keyfield Offshore, neither Keyfield, any of our subsidiaries or associated company hold a valid PETRONAS licence or Umbrella Contract with PCSB or PACs.

The LOA For Umbrella Contract sets out the broad terms of the Umbrella Contract and upon such award, Keyfield Offshore is appointed as a panel contractor to the awarder. Meanwhile, an Umbrella Contract is a formal contract which sets out the detailed terms and conditions of such appointment. Prior to the execution of the Umbrella Contract, the LOA For Umbrella Contract is a binding contract by itself. The executed Umbrella Contract will supersede LOA For Umbrella Contract.

Subsequent to April 2019, Keyfield Offshore was also appointed as panel contractor to various PACs after receiving LOAs For Umbrella Contracts from the respective PACs.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we have 15 LOAs For Umbrella Contracts or Umbrella Contracts. For the past 3 FYEs, we have entered into Chartering Contracts with PCSB and 4 PACs, which we earned revenue from.

We are dependent on the Umbrella Contract with PCSB as PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 contributing between 27.9% to 57.7% of our Group's revenue. Without the Umbrella Contract with PCSB, we would not be able to generate any revenue from PCSB. Kindly refer to Section 8.1.1 on risks relating to on our dependency on the Umbrella Contract with PCSB.

The salient terms of our Umbrella Contract with PCSB are as follows:

| | |
|--------------------------------|--|
| Contract Duration | The duration of the Umbrella Contract is 3 years plus unilateral extension by PCSB for 2 years, commencing from the date of the LOA for Umbrella Contract; |
| Work Order | <p>The Umbrella Contract does not constitute or imply a commitment by PCSB to obtain any services from Keyfield Offshore. Any commitment for any services shall be made through the issuance of work orders by PCSB;</p> <p>The work orders may be unilaterally amended, suspended or terminated by PCSB but not vice versa;</p> |
| Guarantee | PCSB reserves the right to request Keyfield Offshore to provide a bank and/or performance guarantee ⁽¹⁾ for the due performance of Keyfield Offshore of its obligations under the respective work orders; |
| Insurance | Keyfield Offshore shall at its own cost and expense carry and maintain various types of insurance which is satisfactory and acceptable to PCSB in connection with the performance of the Umbrella Contract and any services thereunder; |
| Terms of Employment | <p>Vessel It is a condition of the Umbrella Contract that at the date of delivery of the vessel under the Umbrella Contract and throughout the duration of the Umbrella Contract that:</p> <ul style="list-style-type: none"> (a) Keyfield Offshore is the beneficial and/or legal owner of the vessel and has all rights to let the vessel to PCSB; (b) The vessel is in compliance with the requirements of its flag state, the classification society and regulatory authorities and holds all required and valid certificates; and (c) The minimum requirements of the vessel technical specifications have been met and the vessel shall have the capability set by PCSB to perform the services; |
| Contractor's Obligation | The entire performance, operation, navigation, management and direction of the vessel and all of Keyfield Offshore's equipment, personnel shall be under the exclusive control and command of Keyfield Offshore; |

6. INFORMATION ON OUR GROUP (Cont'd)

Keyfield Offshore shall diligently perform all services in accordance with all requirements of the Umbrella Contract, including:

- (a) Comply at all times with its own Health Safety and Environment (HSE) requirements;
- (b) Provide all suitably qualified and skilled personnel, equipment, machinery, materials, consumables and supplies, including additional items as required by PCSB;
- (c) Maintain and keep the vessel, including hull, machinery and equipment, in a thoroughly efficient and seaworthy state, in compliance with the technical specifications and the Umbrella Contract;
- (d) Immediately advise PCSB of any suspension of operations for any safety reasons;
- (e) Provide and pay for all provisions, wages, and all other charges pertaining to Keyfield Offshore's personnel, including halal meals and accommodation;
- (f) Ensure that all master list for crew be placed prominently and strategically so that the vessel personnel are aware of their duties for any emergency call-outs or incidents;
- (g) Keep onboard all relevant statutory certificates of the vessel;
- (h) Ensure that all its subcontractors maintain a valid Petronas licence, where applicable, and comply with all applicable laws; and
- (i) Obtain written approval from PCSB prior to making any publicity release, public statements or announcement regarding the Umbrella Contract or its performance of the services under the Umbrella Contract;

Default

In the event of default by Keyfield Offshore of all or any part of the services under the work order, or the Umbrella Contract, PCSB shall give notice of default⁽²⁾ to Keyfield Offshore, and if not remedied, PCSB may issue notice of termination in accordance with the provisions of the Umbrella Contract;

Unilateral Termination

PCSB shall have the unilateral right to terminate all or any part of the services under the work order, or the Umbrella Contract without further compensation to Keyfield Offshore and the vessel shall be deemed off-hire and redelivered to Keyfield Offshore; and

Dispute Resolution

All disputes arising by and construed with the Umbrella Contract shall be finally settled by arbitration in Kuala Lumpur.

Notes:

⁽¹⁾ As at the LPD, PCSB has not requested Keyfield Offshore to provide any bank and/or performance guarantee in respect of any work orders received.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) As at the LPD, Keyfield Offshore has not defaulted in any part of the services and received a notice of termination in respect of any work orders received.

The duration of our Umbrella Contract with PCSB is as follows:

- (i) Initial term of 3 years commencing on 26 April 2019, which was the effective date as stated in the Umbrella Contract with PCSB. Such initial term has since concluded on 25 April 2022.
- (ii) Extension term of 2 years upon the conclusion of the initial term for which we have been granted vide a letter from PCSB dated 18 April 2022. The Umbrella Contract with PCSB will expire on 25 April 2024 (date inclusive).

Panel Contractor Contract to replace Umbrella Contract

In April 2023, Keyfield Offshore received an invitation to bid from PCSB to tender for the Panel Contractor Contract (PCC) for Offshore Support Vessel (OSV) Services for Petroleum Arrangement Contractors (PACs) in respect of the SWEC Codes which we currently possess. Our PETRONAS licence is a pre-requisite for us to receive such invitation and to be awarded the LOA for the PCC. The PCC will replace the Umbrella Contract upon its expiry in April 2024. In May 2023, Keyfield Offshore has submitted the required proposal to PCSB in accordance with the terms and conditions of the bid and we are currently awaiting the outcome of the PCC tender as at the LPD. Similar to the Umbrella Contract, should Keyfield Offshore be successful in such tender, a Letter of Award will be issued to Keyfield Offshore for the appointment of Keyfield Offshore as a panel contractor to PCSB and the PACs in respect of the 4 SWEC codes below:

- (i) 21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge;
- (ii) 21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat;
- (iii) 21121518S - The provision of Platform Supply Vessel (PSV); and
- (iv) 21121519S - The provision of Safety Standby/General Purpose/Utility Vessel

The PCC will replace the existing Umbrella Contract in respect of SWEC code 21121510S upon the Umbrella Contract's expiry and will include additional 3 SWEC codes which we obtained in 2022.

The PCC with PCSB will replace the Umbrella Contract with PCSB, and thereafter we will enter into separate PCCs with the respective PACs. We do not foresee any potential operational or financial implications with the PCC replacing the Umbrella Contract as our vessels will continue to serve PCSB or PACs.

The appointment of Keyfield Offshore as a panel contractor arising from the PCC shall be for a period of 3 years, with an optional extension for another 3 years at the option of PCSB.

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6. INFORMATION ON OUR GROUP (Cont'd)

Mitigating factors for the above dependencies

In the event that the PETRONAS licence and Umbrella Contract with PCSB is not renewed and we are unsuccessful in our bid for the PCC, we will lose PCSB as our customer. However, we will still be able to generate revenue via the following:

- (aa) Chartering of own vessels on a time charter basis to other Malaysian companies which possess the PETRONAS licence and/or holds a valid Panel Contractor Contract (PCC). Under such arrangement, we will continue to be the ship manager and catering service provider to the customers;
- (bb) Chartering of own vessels on a bareboat basis either to Malaysian or overseas customers;
- (cc) Chartering of own vessels to non-Malaysian customers within the oil and gas industry, as the vessels are mobile and are able to sail to such overseas locations. In the event that licences are required for it to operate in those countries, we may enter into arrangements with local players to meet such requirements, should the need arise; and
- (dd) Chartering of own vessels to Malaysian and non-Malaysian customers outside of the oil and gas industry. As the vessels primarily provide accommodation, they can also cater for other offshore industries which require offshore accommodation, such as for windfarm, cable laying and other industries which are carried out offshore.

For the FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, the revenue contribution from the above companies represented 3.8%, 6.6%, 1.8% and 7.0% of our Group's total revenue, respectively.

Nevertheless, there is no assurance that we will be able to secure replacement Chartering Contracts from these group of customers within a short span of time. Such event will have a material adverse impact on our business, financial condition, operations and prospects. Nevertheless, our daily charter rate (DCR) for vessels will not be affected as it is based on prevailing market rates and not dependent on whether it is chartered by PCSB/PACs or third party operators.

Nevertheless, we prefer to charter our vessels to PCSB and PACs due to the following:

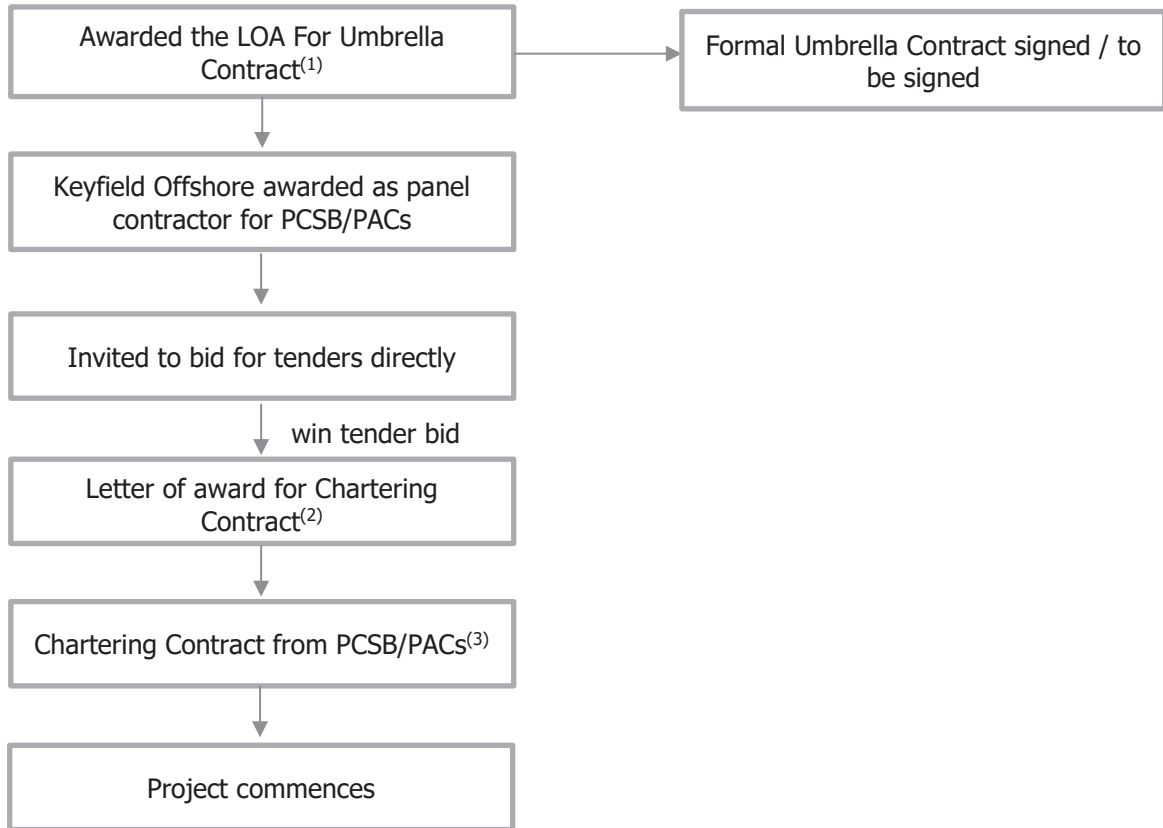
- (1) We have a competitive edge in the Malaysian market and customer segment, due to Malaysian cabotage laws as well as the requirement for PETRONAS licence and Umbrella Contract. This reduces the number of competitors in the market and customer segment;
- (2) We are familiar with the local requirements of local customers; and
- (3) We are able to deploy our vessels in a more timely manner to local customers, as opposed to the longer sailing time required for vessels to be deployed overseas.

Chartering Contracts

Upon successful bidding of the tender, a LOA for a Chartering Contract will be issued to us. Chartering Contracts refer to contracts, work orders, service orders for specific vessel chartering contracts which specify the rates and duration of the contract.

6. INFORMATION ON OUR GROUP (Cont'd)

The process flow of the LOA For Umbrella Contract, Umbrella Contract, and Chartering Contract is as follows:



Notes:

- (1) Prior to the execution of the Umbrella Contract, the LOA For Umbrella Contract is a binding contract by itself. There is no specific timeframe required to obtain the signed Umbrella Contract. Nonetheless, the execution of a formal Umbrella Contract is not required for PCSB and the PACs to invite us to participate in tenders.
- (2) The estimated timeline between an invitation to bid for tenders directly and letter of award for the Chartering Contract typically takes between 1 to 3 months.
- (3) In the event that the Umbrella Contract is terminated by the awarder, our vessels shall be deemed off-hire, terminated and redelivered to us. We are entitled to the charter rate for the part of services completed up to the effective date of termination. However, we have to reimburse the cost of the remaining fuel and chemical onboard which have been paid by PCSB and the PACs when our vessels are redelivered to the port.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.7.3 Key machinery and equipment**

As at FPE Sep 2023, the NBV of the vessels owned by our Group are set out below:

| | Vessels | Month/Year of delivery to our Group | Country deployed | Age as at the LPD⁽¹⁾ (Years) | NBV as at 30 September 2023 (RM'000) |
|-----|-----------------|--|-------------------------|--|---|
| 1. | LS1 | March 2017 | Malaysia | 7 | 74,850 |
| 2. | LS2 | September 2020 | Malaysia | 4 | 66,543 |
| 3. | Falcon | February 2021 | Malaysia | 7 | 52,335 |
| 4. | Compassion | February 2022 | Malaysia | 5 | 45,664 |
| 5. | Commander | February 2022 | Malaysia | 16 | 13,599 |
| 6. | Grace | February 2022 | Malaysia | 3 | 60,689 |
| 7. | Kindness | November 2021 | Malaysia | 3 | 18,748 |
| 8. | Lestari | March 2023 | Malaysia | 10 | 23,565 |
| 9. | Blooming Wisdom | April 2023 | Malaysia | 2 | 82,875 |
| 10. | Helms 1 | April 2023 | Malaysia | 7 | 43,875 |
| | | | | Total | 482,743 |
| 11. | IMS Aman | January 2024 | Malaysia | 15 | ⁽²⁾ 34,510 (as at LPD) |
| | | | | Total | 517,253 |

Notes:

(1) Age based on the year that the vessel was first delivered to its first owner.

(2) Our Group acquired IMS Aman subsequent to FPE Sep 2023.

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

6.7.4 Interruption to business and operations

Our Group has not experienced any interruptions that had significant effect on our operations during the past 3 FYEs and FPE Sep 2023, save for interruptions resulting from the COVID-19 pandemic.

(i) Impact of the COVID-19 pandemic on our business operations

Due to the COVID-19 pandemic, the Government had various MCOs (including conditional MCO and recovery MCO). Our Group serves the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining the necessary approvals, our Group had continued to operate during the MCO period, with adherence to the SOPs as set by the Government of Malaysia.

The various operational challenges which we faced includes:

- (a) Travel restrictions for our customers' offshore personnel and our crew members to offshore locations which delayed the chartering of our accommodation vessels, and quarantine requirement prior to signing on to our accommodation vessels; and
- (b) Delays in project implementation by our customers due to, among others, shutdown of production facilities which affected the timeline for them to mobilise the materials required for their projects.

Several localities in Labuan were placed under Enhanced MCO from 15 June 2021 onwards, resulting in the shutting down of berthing space in Asian Supply Base, Labuan ("ASB"). Under our Chartering Contract with our customer, our accommodation vessel is to be mobilised from ASB, where our customer's goods and materials are supposed to be on-loaded to our accommodation vessel prior to sailing to the offshore location. Due to this shutdown, our accommodation vessel was unable to be mobilised as per original arrangement with our customer, and subsequently delayed.

Further, the Sarawak Disaster Management Committee (SDMC) had ordered the closure of Sarawak's immigration offices from 29 May 2021 onwards, resulting in non-Sarawakians experiencing difficulties and delays to obtain the work permits to work. This also contributed to the delay in commencement of our Chartering Contracts.

Malaysia has entered into the endemic phase of COVID-19 since 1 April 2022, as announced by the Prime Minister of Malaysia, whereby all restrictions limiting our business has been uplifted.

Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.2 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include similar costs for which we were reimbursed by our customers.

From 1 March 2020 up to the LPD, we recorded 73 and 51 positive Covid-19 cases among our staff and crew members onboard our own accommodation vessels respectively. All of them has since recovered.

6. INFORMATION ON OUR GROUP (Cont'd)

Our Group's business operations have not been impacted by the COVID-19 pandemic since Malaysia has transitioned into the endemic phase of COVID-19 since 1 April 2022, as announced by the Prime Minister of Malaysia, whereby all restrictions limiting our business has been uplifted.

We did not face any cancellation or termination of our Chartering Contracts arising from the COVID-19 pandemic.

(ii) Impact on our business cash flows, liquidity, financial position and financial performance

We experienced delays in the commencement of certain Chartering Contracts (both with our own and third party accommodation vessels) that had been awarded to us during the MCO period. In the initial months of MCO (between 18 March 2020 and 4 May 2020), some of our Chartering Contracts were deferred. These delays resulted in a corresponding deferment in recognising revenue from the Chartering Contracts and a loss in number of days available for charter during the year. As a result, this led to a loss of 60 chartered days, translating to a loss of revenue of approximately RM5.0 million during FYE 2020. Nevertheless, we were able to deploy our accommodation vessels for other Chartering Contracts during the MCO period which minimised any adverse financial impact.

Overall, due to the delays in the commencement of Chartering Contracts and postponement of potential Chartering Contracts, our total number of chartered days declined from 1,157 days in 2019 to 976 days in 2020. As a result, our revenue declined from RM94.0 million in the FYE 2019 to RM75.2 million in the FYE 2020. The postponed Chartering Contracts were subsequently carried out between September to December 2020.

In FYE 2021, due to the delay in commencement of one of our Chartering Contracts as stated in 6.7.4(i), the Chartering Contract for Falcon was delayed by 25 days and due to such delay, our loss of revenue in the FYE 2021 was approximately RM2.5 million. During this time, we had also incurred additional cost of approximately RM0.5 million comprising crew members' salaries and marine gas oil costs. No penalties were imposed on our Group resulting from any COVID-19 induced delays.

Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.2 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include similar costs for which we were reimbursed by our customers.

We did not receive any claw back or reduction in the banking facilities limit granted to us by our lenders. In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets or receivables resulting from the COVID-19 pandemic.

Other than the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance resulting from the COVID-19 pandemic.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.5 Capacity and utilisation

Our maximum operating capacity and utilisation rates for our own accommodation vessels are set out below:

| | Maximum number of available charter days⁽¹⁾ (days) | Actual charter days per calendar year (days) | Utilisation rate⁽²⁾ (%) |
|-------------------------|--|---|---|
| FYE 2020 ⁽³⁾ | 350 | ⁽²⁾ 255 | 72.9 |
| FYE 2021 ⁽⁴⁾ | 916 | 534 | 58.3 |
| FYE 2022 ⁽⁵⁾ | 2,266 | 1,488 | 65.7 |
| FPE Sep 2022 | 1,667 | 1,041 | 62.4 |
| FPE Sep 2023 | 2,389 | 1,959 | 82.0 |

Notes:

(1) Maximum annual number of charter days is the number of operating days in a year which a vessel is available for charter, after deducting estimated downtime during annual inspection by the respective IACS and scheduled maintenance.

(2) Utilisation rate =
$$\frac{\text{Actual chartered days per year}}{350 \text{ days}^+}$$

+ being the maximum number of charter days, which is based on the number of operating days in a year, after deducting estimated downtime during annual inspection and routine repairs and maintenance of approximately 15 days.

(3) Our Group had only 1 own vessel in FYE 2020, i.e LS1.

(4) Our Group had 3 own vessels in FYE 2021, i.e LS1, LS2 and Falcon. The number of available charter days for LS2 and Falcon are calculated from 1 April 2021 and 16 March 2021 (being the dates available for charter) onwards respectively.

(5) Our Group had 7 own vessels in FYE 2022, i.e LS1, LS2, Falcon, Compassion, Grace, Commander and Kindness. The number of available charter days for Compassion, Grace and Commander are all calculated from 18 February 2022. Meanwhile, for Kindness, the number of available charter days are calculated from 11 April 2022 onwards (being the dates available for charter).

We recorded a decline in utilisation rate for our own accommodation vessels from FYE 2020 to FYE 2021 in line with the fall in chartering market size due to the COVID-19 pandemic between 2020 and 2021 (as set out in the IMR Report). Nevertheless, in line with the recovery of the chartering market size in Malaysia which grew by 43.7% between 2021 and 2022 (as set out in the IMR Report), we recorded an increase in utilisation rate for our own accommodation vessels during the period.

Our Group's operations are not limited by the operational capacity of our own vessels as we also charter out third party vessels. The operational capacity of third party vessels cannot be determined as it is scalable in accordance to the demand from our customers.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.6 Principal place of business

Our head office, where our corporate affairs, business development, finance and administrative functions are carried out, is located at Pavilion Embassy, Kuala Lumpur, Malaysia. Further details on our premise, which is rented, are elaborated in Section 6.17.2.

Meanwhile, our fleet of own vessels are deployed at multiple offshore locations depending on our customers' requirements. During the period when our vessels are not chartered, they are either anchored at the anchorage area or moored at various ports or jetties within Malaysia.

6.7.7 Insurance

We maintain marine related insurance coverage that are customary in this industry such as hull and machinery coverage, protection and indemnity coverage, mortgagee interest insurance for our accommodation vessels. These are insurances required by our Chartering Contracts, charter parties or financiers. Kindly refer to Section 8.1.12 for more details.

6.7.8 HSE

HSE management is an important requirement in the upstream oil and gas industry. We place strong emphasis on HSE management and adhere to safety management standards for vessels as well as prevention of pollution. In this respect, we adopt the following approaches and measures:

- (i) Undertaking safe practices on-board and providing a safe working environment for our crew members during operations;
- (ii) Establishing safeguards against all identified risks through continuing reviews, and implementation of corrective actions;
- (iii) Continuously provide training and guidance to crew members to improve HSE performance including preparing for emergency drills, practices and standards to prevent, identify, organise and control potential hazards in a proactive manner. This also includes safety and incident analysis, incident investigation, protective equipment and health controls. We have also clearly outlined the key responsibilities of our employees and crew members;
- (iv) Undertaking regular maintenance and inspection of our accommodation vessel as well as third party accommodation vessels under the bareboat chartering agreements for which we are the ship manager, including equipment onboard for safety measures; and
- (v) Proactively establish policies and operating procedures for safeguarding the environment against any hazardous materials onboard our accommodation vessel and third party accommodation vessels.

The Marine Department Malaysia will carry out an annual audit on our ship management system, including our HSE management and processes, to ensure that we adhere to the necessary requirements. As part of the Offshore Vessel Management and Self-Assessment ("OVMSA") requirement, PCSB and PACs will audit our HSE procedures to ensure that it complies with their requirements.

For the FYEs 2020 to 2022 and including FPE Sep 2023, we have achieved 2.72 million manhours with zero incidences of loss time injury (LTI), which is injury sustained by an employee/crew member which cause the respective employee/ crew member to be unable to perform their regular duties.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.9 Management succession planning

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key management staff and at the same time, grooming our lower and middle management staff:

- (i) Career development, which is not just done through training but via a blended learning approach which include learning by doing, coaching and mentoring. We also practice cross functional taskforce, short term assignment and job rotation (where situation warrants), and by so doing, it would be able to identify its staff's strengths and talent, and channel these talents to the appropriate functions;
- (ii) Career progression, where our senior management/technical staff has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities after due assessments and reviews of our staff's ability, knowledge, skills, leadership and performance contribution;
- (iii) Competitive remuneration and benefits based upon annual staff performance review; and
- (iv) Implementing the ESOS pursuant to the Listing.

If the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

6.7.10 Corporate social responsibility ("CSR")

We are a firm believer of giving back to society and extending a helping hand to those in need. Over the past FYEs, we took part in various CSR initiatives. Some of the charity drives and events which we have participated in are as follows:

| CSR initiatives | FYE | Beneficiaries |
|--|------|---|
| Construction of a basketball stand | 2020 | <ul style="list-style-type: none"> • Angels Children's Home |
| "Charity Drive 2020" to provide monetary aid | 2020 | <ul style="list-style-type: none"> • Rumah Victory Children and Youth Home • Rumah Charis • Angels Children's Home • Dual Blessing Bhd • En Yuan Old Folk Home • Lembaga Kebajikan Anak-Anak Yatim Negeri Sarawak • Sarawak Children's Cancer Society • Pertubuhan Kebajikan Rumah Anak-Anak Yatim & Miskin Al-Taqwa Baling |
| "Charity Drive 2021" to provide monetary aid | 2021 | <ul style="list-style-type: none"> • Angels Children's Home • Sarawak Children's Cancer Society • Hope Kitchen • Malaysia Independent Living Association for Disabled • En Yuan Old Folk Home |

6. INFORMATION ON OUR GROUP (Cont'd)

| CSR initiatives | FYE | Beneficiaries |
|---|------------|---|
| Educational excursions for students, as follows: <ul style="list-style-type: none"> • Visit to Petrosains KLCC • Visit to Helms 1 | 2022 | <ul style="list-style-type: none"> • Rumah Bakti Nur Syaheera • Netherlands Maritime University College |
| "Charity Drive 2022" to provide monetary and other forms of aid | 2022 | <ul style="list-style-type: none"> • Students from Netherlands Maritime University College • Orang asli villages, whereby we donated water filters as part of Program Kembara Ramadhan • Angels Children's Home • Amitabha Malaysia Old Folks Home • Lighthouse Children's Home • Kirtarsh Handicapped and Disabled Children's Home • Pertubuhan Masyarakat Kita Hulu Selangor • Rumah Victory Children and Youth Home • Various local orphanages, asnaf, madrasah, and tahfiz in Melaka, in conjunction with Hari Raya 2022 |
| "Charity Drive 2023" to provide monetary and other forms of aid | 2023 | <ul style="list-style-type: none"> • Amitabha Old Folks Home • Angels Children's Home • Victory of Children & Youth Home • Flat Sri Kelantan • Pertubuhan Kebajikan Wang Emas Destini, Klang • Abu Hurairah Mosque • Netherlands Maritime University College • Rumah Kebajikan Anak Yatim Sungai Pinang Klang • Yayasan Kebajikan Anak-Anak Yatim Kelantan • Pertubuhan Kebajikan Amal Sirih • Persatuan Kebajikan Ti-Ratana • Surau Tanjung Kubong • Pertubuhan Rumah Anak Yatim Berkat Kasih (House of Love) |
| Buka puasa (breaking fast) with Asnaf | 2023 | <ul style="list-style-type: none"> • Pertubuhan Kebajikan Asnaf An-Naafi, KL • Pertubuhan Kebajikan Dan Ukhwah Terengganu • Rumah Anak Yatim Bakti Nur Ain, Bangi • Hafizatul Quran Anak Yatim, Kemaman • Pertubuhan Kebajikan Anak-Anak Yatim & Miskin Sungai Pinang, Klang • Taman Mutiara Sg Bedaun, Labuan • Rumah Kebajikan Anak Yatim Darul Najah, KL |

6. INFORMATION ON OUR GROUP (Cont'd)

6.7.11 Environmental, social and governance policies

We recognise the importance of protecting the environment, promoting positive impacts on the environment and the communities which we are part of, and maintaining good governance practices. As part of our commitment in these areas, we have adopted the following ESG practices, amongst others, as elaborated below.

Furthermore, our vessels and operations comply with the various regulations and standards as required by the various authorities, such as the Marine Department of Malaysia, as well as the classification societies by which our vessels are classified.

(i) Environment

As our vessels cater to the upstream oil and gas industry, we acknowledge that our operations may have an impact on the environment, and we are committed to minimising such impact through sustainable practices where applicable.

We are guided by the conventions, protocols, and regulatory framework under the International Maritime Organization (IMO). Under the IMO, the International Convention for the Prevention of Pollution from Ships (MARPOL) is an international convention which outlines a range of regulations to prevent pollution from ships, including rules on oil pollution, sewage, garbage disposal, and air pollution.

As at the LPD, save for Blooming Wisdom which is non-self-propelled and therefore the International Energy Efficiency Certificate does not apply to it, all of our vessels have the following valid certificates:

1. International Oil Pollution Prevention Certificate;
2. International Sewage Pollution Prevention Certificate;
3. International Air Pollution Prevention Certificate; and
4. International Energy Efficiency Certificate.

The International Oil Pollution Prevention Certificate, International Sewage Pollution Prevention Certificate and International Air Pollution Prevention Certificate have a validity period of up to 5 years from the date the respective certificates were issued. As at the LPD, the aforementioned certificates of our vessels have a remaining validity period of between 1 year and 4 years. Meanwhile, the International Energy Efficiency Certificate does not have any expiry date.

As at the LPD, we have not been fined for any pollution.

(a) Emission reduction plan

Our group recognises the importance of efficient usage of fuel and other consumables for our vessel operations. As such, we monitor such usage onboard all of our vessels on a daily basis to ensure that the standard consumption levels are adhered to. Where necessary, remedial action is taken to ensure adherence.

In the longer run, our Group intends to implement applicable methods to improve monitoring and reduce fuel consumption where possible, thereby reducing emissions into the environment.

6. INFORMATION ON OUR GROUP (Cont'd)

We plan to implement the following methods by the end of 2024:

- (aa) Real time monitoring of emissions by our vessels. We plan to run a pilot programme onboard a suitable vessel, having regard to the available equipment. If successful, we shall progressively roll out such programme on our other vessels.
- (bb) Undertake a feasibility study on the potential installation of solar panel system onboard Blooming Wisdom as a pilot programme. Such solar panel system will be capable of storing energy which can be used to generate electricity to power certain equipment onboard that particular vessel. If successful, we shall progressively roll out such programme on our other own vessels.

(b) Garbage management plan

We have also implemented a garbage management plan onboard all our vessels in accordance with Annex V of MARPOL. The garbage management plan serves as a guideline for the systematic approach and procedure for collecting, storing, processing, and disposing of garbage generated onboard our vessels.

(ii) Social

Our Group is committed to promoting social responsibility and contributing positively to the communities where we operate. We also recognise that our employees and crew members are key assets to our business operations and overall success, hence, we are dedicated to creating a safe and positive work environment to promote their physical and mental wellbeing.

We are dedicated to creating a conducive working environment for our crew members, in line with the Maritime Labour Convention (MLC) 2006, which provides for minimum requirements for working and living conditions for seafarers, including recruitment practices, conditions of employment, hours of work and rest, repatriation, annual leave, payment of wages, accommodation, health protection, occupational safety and health and medical care. As at the LPD, all of our vessels hold a valid Maritime Labour Certificate, certifying that our vessels are in compliance with the requirements of the MLC.

We have a Health, Safety and Environment (HSE) department which manages the HSE processes onboard our fleet by assessing risks, implementing action plans and measures as well as ensuring that such plans and measures are in accordance with the Group's HSE policies and local regulations. For the FYEs 2020 to 2022 and including FPE Sep 2023, we have achieved 2.72 million manhours with zero incidences of loss time injury (LTI), which is the injury sustained by an employee/crew member which causes the respective employee/ crew member to be unable to perform their regular duties.

We have implemented the following initiatives to foster a safe and positive work environment, and promote ongoing growth and development for our employees and crew members:

- (a) Courses, seminars and training programmes for our employees and crew members to support their development in their respective fields, a list of which is set out in Section 6.20.1;
- (b) Various social events and employee benefits to improve organisational performance, encourage engagement and strengthen unity amongst our employees such as:
 - (aa) Adoption of the new policies under the Malaysian Employment (Amendment) Act 2022;

6. INFORMATION ON OUR GROUP (Cont'd)

- (bb) Providing complimentary daily meals for crew members and 3 times a week for our office staff;
- (cc) Organising birthday and festive celebrations;
- (dd) Organising team building activities and company trip;
- (ee) Arranging onboarding programme for new-joiners; and
- (ff) Arranging vessel visits for our office staff, enabling them to gain some insight into the vessel operations and the daily work life of our crew members;

Our Group is committed to creating a work environment where mutual respect is practised across the entire organisation. We embrace diversity and practice equal employment opportunities with regard to gender, age, ethnicity, religion, marital status, amongst others.

(iii) Governance

We are committed to ensuring the safety of our crew members, passengers, and the environment where our vessels operate. As such, we have established a Safety Management System (SMS) in accordance with the International Safety Management (ISM) code and have implemented it across our vessels. Our SMS outlines the policies, procedures, and practices for identifying and mitigating risks associated with vessel operations. As such, we have put in place the following policies onboard our vessels:

1. Personal Protective Equipment Policy;
2. Smoking Policy;
3. Stop Work Policy;
4. Drug and Alcohol Policy;
5. Health, Safety and Environmental Policy; and
6. Security Policy.

Our Group understands that maintaining the relevant governance practices is imperative to safeguard the interests of and build trust with our investors and stakeholders. We take cognisance of the guidelines under the Malaysian Code on Corporate Governance (MCCG) and we have implemented policies and procedures to ensure transparency, accountability, sustainability and ethical behaviour in accordance with the principles and practices as set out in the MCCG.

In our efforts to uphold good corporate governance, we have put in place the following group policies:

1. Code of Conduct and Business Ethics Policy;
2. Anti-Bribery and Corruption Policy;
3. Whistleblowing Policy;
4. Directors' Fit and Proper Policy;
5. Anti-Money Laundering Policy; and
6. Personal Data Protection Act Policy.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.8 COMPETITIVE STRENGTHS

6.8.1 We are PETRONAS licenced, awarded LOAs For Umbrella Contracts and our vessels are Malaysian-owned and flagged

As a Malaysian owner and operator of vessels, we are well-positioned to leverage on PETRONAS licence as well as Malaysian cabotage policies in bidding and winning Chartering Contracts. We were also awarded LOAs For Umbrella Contracts and Umbrella Contracts by PCSB and PACs in respect of SWEC code 21121510S.

As at the LPD, we have been awarded LOAs For Umbrella Contracts and Umbrella Contracts with PCSB and various PACs. This allows us to participate directly in all tender calls and quotation requests issued by PCSB and PACs for chartering of accommodation vessels. Companies are required to be PETRONAS licenced and awarded LOA For Umbrella Contract in order to directly participate in tender calls and quotation requests issued by PCSB and PACs. This also serves as a barrier to entry for potential new entrants in Malaysia.

The percentage of our revenue which were contributed by the Chartering Contracts from PCSB and PACs were 32.0%, 36.9%, 44.7% and 67.5% of the total revenue in FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023 respectively, with the balance of the revenue earned from Chartering Contracts secured via negotiated basis (i.e. non-PAC customers).

Further, we also benefit from cabotage policies which are meant to give preference to Malaysian-owned vessels as we own 11 Malaysian-flagged accommodation vessels. Our accommodation vessels have a Certificate of Malaysian Registry. Cabotage policies in Malaysia gives us an advantage in Malaysia over foreign competitors or foreign-flagged vessels. The operation of vessels in Malaysian waters is governed by the MSO. The MSO serves to reserve the national trade in domestic waters for Malaysian owned companies and Malaysian-flagged vessels, explicitly prohibiting non-Malaysian vessels from engaging in domestic shipping activities.

The above provides us with an advantage over foreign competitors and non-PETRONAS licenced Malaysian vessel owners and/or operators.

6.8.2 We specialise in offshore accommodation

According to the IMR Report, there are 14 industry players, including our Group, involved in the chartering of Malaysian-flagged vessels registered with the Marine Department Malaysia. Many of these industry players are also involved in the chartering of other types of offshore support vessels and other business activities. Our Group is among the 5 industry players out of these 14 industry players that specialises in the chartering of vessels. Other than our Group, these industry players include Ajang Shipping Sdn Bhd, Michlyn Express Offshore (L) Berhad, PJZ Marine Services Sdn Bhd and Pristine Offshore Sdn Bhd. As stated in Section 6.6, as at the LPD, the available accommodation capacity of our own accommodation vessels is 2,134 persons, which can be utilised by the passengers of our charterers as well as our own crew members.

As our Group specialises in offshore accommodation, we are less susceptible to the cyclical nature of the oil and gas industry, as compared to offshore support vessel owners/operators of vessels that serve only specific offshore oilfield stages. This is because:

- (i) Offshore accommodation is required throughout the entire project lifecycle of an offshore oilfield project, from exploration and appraisal of new oilfield sites; hook-ups, commissioning, operation, topside operation and maintenance and coil tubing, to decommissioning of offshore oil and gas platforms.

6. INFORMATION ON OUR GROUP (Cont'd)

As the majority of our accommodation vessels are catered towards maintenance activities, we are less susceptible to the cyclical nature of the oil and gas industry such as lower investments in exploration and appraisal activities for new oilfield site due to price fluctuations in global oil prices;

- (ii) Demand for offshore accommodation from the higher number of existing active offshore oil and gas platforms (over 451 as at December 2022) relative to the number of AWBs which provide offshore accommodation in Malaysia (47 as at 2022) indicates a potential for growth for the accommodation vessel charter market. Although 1 vessel may provide accommodation for offshore personnel working on several offshore oil and gas platforms situated adjacent to one another, there are still significantly less accommodation vessels as compared to the total number of offshore oil and gas platforms; and
- (iii) Active offshore oil and gas platforms require constant maintenance, repair and upgrade works to maintain its optimal operational efficiency and productivity. More manpower is typically required during this stage and the lodging facilities typically are not able to accommodate all offshore personnel at this time. As such, offshore accommodation vessels are required during these stages as well.

We had, in the past, witnessed financial growth despite a fall in oil and gas prices that resulted in a slowdown in exploration and production activities. Despite this slowdown, offshore oilfield activities were still carried out to maintain and operate offshore oil and gas platforms that were in production as well as decommissioning of offshore oil and gas platforms. As such, our revenue grew from RM75.2 million in FYE 2020 to RM236.2 million in FYE 2022 as there was still demand for our vessels to facilitate these services during the abovementioned slowdown.

Further, chartering of our vessels involves the offering of various related onboard services such as catering, housekeeping, laundry and medical support services. This allows us to earn from additional revenue streams by offering these services to our customers.

6.8.3 We own a fleet of vessels with different available accommodation capacities and features, thus allowing us to cater for demand for different segments of offshore accommodation

As at the LPD, we own 11 accommodation vessels, of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. We are thus able to cater to different segments of offshore accommodation because:

- (i) We have vessels of different accommodation capacities;
- (ii) Our own vessels are equipped with different mooring systems, i.e 4-point/8-point mooring system and DP1/DP2 system; and
- (iii) We have self-propelled vessels and a non-self propelled vessel to cater to projects which require up to 500 personnel.

The vessels which we have acquired have varying accommodation capacities which enable us to meet the growing demand for offshore accommodation across different market segments. We are confident that our relatively modern and well-maintained fleet of vessels will provide a comfortable and safe offshore accommodation experience for the offshore personnel.

6. INFORMATION ON OUR GROUP (Cont'd)

With our own vessels, we can serve the following segments:

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

Note:

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

Meanwhile, our own vessels are equipped with the following DP and/or mooring systems:

- (i) LS1, LS2 and Lestari are equipped with a 4-point mooring system;
- (ii) Blooming Wisdom is equipped with an 8-point mooring system;
- (iii) Kindness is equipped with a DP1 system;
- (iv) Falcon, Grace, Compassion, Commander and IMS Aman* are equipped with both 4-point mooring and DP2 systems; and
- (v) Helms 1 is equipped with a DP2 system.

Note:

- * Currently, IMS Aman is operating as a 4-point mooring vessel as its DP2 system needs to be rectified. Such rectification is expected to cost RM2.0 million as provided by the equipment supplier and engineering contractor which will undertake the rectification work and will be undertaken in the fourth quarter of 2024.

The key characteristics of the respective systems are as follows:

- 4-point mooring system: Uses anchors to secure the position of the accommodation vessels. 4-point mooring system is more suited for shallow waters and less harsh environments;
- 8-point mooring system: Uses anchors to secure the position of the accommodation barge;
- DP1 system: A computer-controlled system to automatically maintain its position by using its propellers and thrusters; and
- DP2 system: A computer-controlled system to automatically maintain its position by using its propellers and thrusters, and allows for redundancy in the event of a failure of its systems.

DP1 and DP2 systems allow vessels to operate in harsher deepwater environments. These systems require the vessel's machineries to run simultaneously to maintain its position within the specified location as per the DP plot.

6. INFORMATION ON OUR GROUP (Cont'd)

The ability to run different types of systems allows us to further expand our business and cater for oilfield projects in different locations, as our fleet is now able to operate in different sea environments, i.e.:

- (i) Shallow waters with no obstructions (such as oil and gas pipelines) where 4-point mooring system is more cost-effective; and
- (ii) Harsher deepwater environments with congested seabed.

6.8.4 We have relatively young and well-equipped accommodation vessels

As detailed in the IMR Report in Section 7, the industry average age for AWBs is 10 years old, whereas, the average age of our AWBs is 8 years old as at the LPD. As such, our own vessels are relatively younger than the industry average age in Malaysia.

Save for Blooming Wisdom, which is a non-self-propelled Barge, the rest of our accommodation vessels are self-propelled fitted with various engine sizes.

Most of our accommodation vessels have additional amenities which older accommodation vessels are not equipped with, such as:

- Modern accommodation and amenities;
- Cabins fitted with bathrooms and intercom telephones (of which some are equipped with Televisions and radio antenna sockets);
- Recreation centre and gymnasium;
- A mess room that can accommodate 50% of the maximum number of persons-on-board at a time;
- A conference room and offices; and
- VSAT internet connectivity (C-band / KU-band).

Our accommodation vessels are also equipped with the following:

- Main crane with a safe working load of between 30 tonnes and 80 tonnes at 10 to 25 metre radius except for Blooming Wisdom which has a safe working load of 300 tonnes at 16 metre radius. Helms and Kindness do not have any main crane;
- Large fuel tank capacity of between 496.2 m³ and 1,400 m³, allowing our vessels to remain operating at sea without replenishing their fuel and supplies (i.e. endurance) for a specific period of time;
- Fresh water generator and ultraviolet sanitisation;
- Fire and fixed gas detection systems;
- Water sprinkler systems,
- Intercommunication system;
- Tension and length meter monitoring system; and
- PMS and vessel tracking system.

All of these equipment are in compliance with the latest statutory and environmental requirements of classification societies.

Owning and operating a relatively young and well-equipped fleet of accommodation vessels provide us with the competitive advantage in securing Chartering Contracts and in attracting and retaining highly skilled marine crew members as the crew members prefer to work onboard of vessels with modern accommodation, facilities and amenities. In addition, younger vessels tend to have lower maintenance requirements. In addition, relatively young vessels generally have lower operating and maintenance costs, are more fuel efficient and less prone to breakdowns.

6. INFORMATION ON OUR GROUP (Cont'd)

Owing to that, we have been able to maintain the reliability and quality of our chartered vessels and related services. We have established our Group as a reliable vessel owner and operator, which allows us to retain our present pool of customers as well as attract new customers.

6.8.5 We have an experienced and dedicated management team

We are led by an experienced and dedicated management team. Our Group CEO, Darren Kee has played a key role in steering the growth and success of our Group. Prior to the chartering business, Darren Kee has built his experience in providing technical support and advisory services relating to shipbuilding for offshore support vessels. Meanwhile, our Group COO, Mohd Erwan, has at least 15 years of experience in project management, shipbuilding and repair of marine vessels. Their collective experience has enabled them to build a network in the industry comprising offshore support vessel owners and shipyards, as well as oil and gas contractors. Both of them have since garnered experience into our chartering business since our Group ventured into the business in 2016.

Our Group CEO's and Group COO's collective experience also allow them to promptly tend to any need for maintenance and/or repair. Through their network, they can source for spare parts within the required timeframe. This allows us to minimise downtime for our vessels.

Both Darren Kee and Mohd Erwan are supported by a dedicated management team who have a variety of experiences and have accumulated an average of more than 15 years of experience in their related fields. We have garnered substantial knowledge and expertise in all aspects of our operations, bringing together a team that have a range of on-the-ground knowledge.

The combination of our key management team's experience and expertise have been integral to our success, and will continue to be a key growth factor in our future development.

Further, our key management team also practices a flexible management approach, whereby we maintain a lean reporting structure. Our employees are thus empowered to execute their duties with authority, with guidelines and organisational directions put in place by our key management team. This enables us to react efficiently and quickly to both business threats and opportunities, while increasing the sense of responsibility amongst our employees.

6.8.6 We employ crew members with relevant experience and expertise on a contractual basis

We engage qualified, competent and experienced crew members who can operate our vessels as well as support our key management team in managing our operations for the following onboard services:

| Services | Description |
|-------------------|---|
| Catering services | Our catering and housekeeping crew members include a campboss (who is in charge of managing crew members responsible for catering), cooks and assistant cooks. These crew members are tasked to prepare and serve meals and F&B services for offshore personnel, as well as upkeep and clean the galley and mess room areas. We typically employ 1 catering crew member for every 10 person-on-board. |
| Laundry services | We have stewards amongst our catering and housekeeping crew members to clean, dry and press all linens, towels and apparel for offshore personnel. |

6. INFORMATION ON OUR GROUP (Cont'd)

| Services | Description |
|--------------------------------------|---|
| Housekeeping services | We have stewards amongst our catering and housekeeping crew members to upkeep and clean the cabins and facilities to provide offshore personnel with clean and comfortable accommodation. |
| Operation and maintenance of vessels | <p>We have marine crew members (i.e. the Master, deck officers with different ranking as well as engine officers with different ranking) to manoeuvre the vessels and operate all equipment. We also have other supporting personnel which include a crane operator to lift equipment and goods between the workable deck space and offshore oil and gas platform.</p> <p>Our marine crew members (i.e. the deck officers with different ranking as well as engine officers with different ranking) will also maintain and ensure equipment and machines such as generators, motors, pumps and electrical panels are in optimal conditions.</p> |
| Medical support services | Our marine crew members include medical assistant(s) onboard to provide medical support services in an adequately equipped hospital. We also have a quarantine room to isolate persons-on-board that have contracted infectious diseases. |

Further, our Group also employs our crew members on a contract basis as and when there are available Chartering Contracts, instead of maintaining in-house crew. This allows us to meet our customers' demands without incurring significant fixed overhead costs. Nevertheless, our experience garnered since our commencement of chartering business in 2016 enables us to source for the necessary crew members to allow us to efficiently and effectively deliver our services. The recruitment of such contractual crew members is managed by our own operations team, to ensure that such recruited crew members have the requisite experience and for quality control. During on-hire, we typically employ between 25 and 35 crew members for our AWBs, which are medium sized vessels. For smaller sized vessels, we typically employ 15 and 21 crew members whereas for larger sized vessels, we typically employ 30 and 65 crew members. Meanwhile, during off-hire, when we berth our vessels at a shipyard or anchorage area, we typically employ between 8 and 10 crew members per vessel, regardless of the size of the vessel, as this is the domestic safe manning requirement as prescribed by Marine Department of Malaysia. Our internal crew database allows us to have the flexibility for crew rotation and to meet the criteria for crew members by our customers.

6.8.7 We have access to a network of vessel owners, allowing us to scale our operations in tandem with demand for vessels

While we charter our own vessels, we also charter third party vessels to maximise our revenue and to fulfil the demand of the customer. This model allows us to take on more Chartering Contracts without having to incur high capital expenditure in acquiring more vessels. It also allows us to scale down our operations and prioritise the chartering of our own vessels during periods when demand from customers is low.

Through our key management team's past experience in providing technical support and advisory services relating to shipbuilding and chartering using third party vessels, we have established a network of vessel owners. This allows us to access to third party vessels.

This scalable model, coupled with other competitive advantages highlighted in this section, has enabled us to remain profitable, even during challenging times.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9 SEASONAL OR CYCLICAL EFFECTS

Due to the adverse weather conditions in the South-China Sea, typically during the period from December to March, we generally record lower chartering activities during that period. During this time, our vessels might not be chartered out, or might be chartered out at lower DCR compared to other months. As a result, we generally record lower revenue and lower utilisation rate for our own accommodation vessels in the first quarter of our financial year.

6.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

Our types of supplies we utilised are as set out below:

| Supplies | FYE 2020 | | FYE 2021 | | FYE 2022 | | FPE Sep 2023 | |
|--|---------------|--------------|---------------|--------------|----------------|--------------|----------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Third party chartering and catering costs | 40,766 | 82.6 | 55,986 | 65.7 | 46,006 | 38.2 | 56,930 | 40.7 |
| Food and beverage provisions | 461 | 0.9 | 2,755 | 3.2 | 6,491 | 5.4 | 14,257 | 10.2 |
| Crew member salaries and out-of-pocket expenditure | 3,945 | 8.0 | 12,142 | 14.3 | 26,891 | 22.3 | 27,295 | 19.5 |
| Spare parts and consumables | 2,141 | 4.3 | 10,979 | 12.9 | 30,324 | 25.2 | 22,460 | 16.0 |
| VSAT services | 1,711 | 3.5 | 563 | 0.7 | 4,278 | 3.6 | 8,468 | 6.0 |
| Rental of project equipment/ Project expenses ⁽¹⁾ | 166 | 0.3 | 140 | 0.2 | 4,047 | 3.4 | 8,079 | 5.8 |
| Berthing fees ⁽²⁾ /Logistic expenses | 180 | 0.4 | 2,634 | 3.0 | 2,288 | 1.9 | 2,563 | 1.8 |
| Total | 49,370 | 100.0 | 85,199 | 100.0 | 120,325 | 100.0 | 140,052 | 100.0 |

Notes:

(1) These relate to equipment that is specifically rented for certain projects, such as air tuggers, spring buoys, rope ladders and additional life rafts which are separately charged to the customer i.e not included in the DCR.

(2) Berthing fees are fees charged for the berthing of a vessel at a port during off-hire.

6. INFORMATION ON OUR GROUP (Cont'd)

During the past FYEs and FPE Sep 2023, we have not faced any shortage or difficulty in obtaining the abovementioned supplies. The majority of the abovementioned supplies are sourced within Malaysia. With regard to third party vessels, we have established a network of vessel owners which allows us to be able to access and secure vessels that meet customers' requirements within the timeframe required and at suitable rates, allowing us to maintain our profitability. In addition, as at the LPD, we maintain our own internal database of approximately 1,000 local crew members which can be recruited on a contractual basis. This internal database allows us to have the flexibility for crew rotation and to meet criteria for crew members by customers. We do not share this database with third parties, including other companies involved in owning and/or chartering accommodation vessels.

6.11 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

The requirements for offshore support vessels in the upstream oil and gas industry are stringent. Vessel owners need to ensure that they comply with these requirements prior to tendering for Chartering Contracts. These requirements include:

- (i) The attainment of relevant class certifications and licences relating to the vessels such as the Offshore Vessel Inspection Database (OVID) Green status and Offshore Support Vessel Inspection System (OSVIS);
- (ii) Vessel age, equipment and facilities such as number of persons-on-board, workable deck space and crane capacity;
- (iii) Type of technologies used such as DP/Mooring systems;
- (iv) Compliance to HSE standards;
- (v) OVMSA system in place;
- (vi) Marine Warranty Surveys to be undertaken prior to commencement of Chartering Contract for selected charterers, where required; and
- (vii) For our own vessels which are above 15 years of age, such vessels will undergo a Condition Assessment Programme, where a technical evaluation of the physical condition and maintenance of a vessel is assessed so as to demonstrate the operational reliability of such vessels.

As Commander and IMS Aman have reached 15 years of age, these vessels will undergo a major refurbishments prior to being subject to the Condition Assessment Programme in FYE 2023 and FYE 2024. The refurbishment of Commander is estimated to cost approximately RM6.0 million while the refurbishment of IMS Aman is estimated to cost approximately RM6.5 million (inclusive of RM2.0 million for IMS Aman DP2 system rectification). Although the refurbishment is estimated to take approximately 60 days on an aggregate basis to complete, the refurbishment is not expected to adversely affect our business operations as Commander and IMS Aman will still be able to undertake Chartering Contracts. This is because:

- (a) Refurbishment works which requires the vessel to be berthed will be carried out on days that these vessels are not on-hire for any Chartering Contracts; and
- (b) Refurbishment works that are not disruptive to the vessel's operational activities will be performed while these vessels are on-hire.

6. INFORMATION ON OUR GROUP (Cont'd)

Our business development and marketing activities are focused on the following areas to sustain and grow our business:

(a) Maintaining PETRONAS licence and panel contractor status under LOAs For Umbrella Contracts

As at the LPD, we are licenced by PETRONAS and have been awarded the LOAs For Umbrella Contracts by PCSB and various PACs in respect of SWEC code 21121510S, which allows us to participate in all tender calls and quotation requests issued by PCSB and PACs for the chartering of accommodation vessels. Therefore, this status acts as a barrier to entry for potential new entrants.

We are therefore cognisant of the need to continuously maintain such licence and status, and to ensure strict adherence to any conditions imposed therein. In addition, as we are a service provider to PCSB and PACs, we need to ensure that our service levels consistently meet or exceed those expected by them.

(b) Maintaining business relationships with PCSB, PACs and oil and gas contractors


We actively assess industry requirements and keep abreast with the latest trends in the upstream oil and gas industry. We are in regular communication with existing oil and gas contractors which we have worked with, and potential oil and gas contractors which we intend to work with, to look into various areas involving chartering of vessels, and related services. As such, we are able to assess and capitalise on industry trends and opportunities. This allows us to anticipate future needs, enabling us to adapt and focus our marketing efforts accordingly.

Further, customer retention is an integral part of our marketing strategy with oil and gas contractors. Over the years, our ability to provide quality services has enabled us to secure recurring Chartering Contracts from oil and gas contractors.

6.12 INTELLECTUAL PROPERTIES / RESEARCH AND DEVELOPMENT

6.12.1 Intellectual properties

Save for the trademark disclosed below, we have not registered any brand names, patents, industrial design or other intellectual property rights with the Intellectual Property Corporation of Malaysia:

| No. | Trademark no. / Registered owner | Design/Mark | Class no. | Validity | Status |
|-----|----------------------------------|---|---------------|------------------------------------|--------|
| (i) | TM2020029058 / Keyfield Offshore |  | 35, 39 and 43 | 3 December 2020 to 3 December 2030 | Valid |

6.12.2 Research and development

For the past FYEs, FPE Sep 2023 and up to LPD, we have not undertaken any research and development activity as it is not relevant to our business.

6. INFORMATION ON OUR GROUP (Cont'd)

6.13 LICENCES AND PERMITS

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD:

| | Licencee / Issuing authority | Nature of approval or licences | Date of issue/ renewal - Date of expiry | Licence content / Material conditions imposed | Compliance status |
|---|---|--|--|--|--------------------------|
| 1 | Keyfield Offshore / Surveyor General of Ships, Malaysia | DoC | 1 September 2023 – 9 October 2028 | <p>Issued under the International Convention for the Safety of Life at Sea 1974 ("SOLAS 1974") to certify that the safety management system of Keyfield Offshore has been audited and complies with the requirements of the International Management Code for the Safe Operation of Ships and for Pollution Prevention ("ISM Code")⁽¹⁾.</p> <p>Subject to periodical verification.</p> | Complied. |
| 2 | Keyfield Offshore / PETRONAS | <p>PETRONAS licence Vessel Owner-Operator licence to supply product/service to exploration and oil/gas companies in Malaysia for the following:</p> <p>1. SWEC Code 21121510S – the provision of Accommodation Work/Construction Boat/Barge including personnel to accommodate work personnel and crew with a degree of comfort and safety, with deck space or materials work area and crane for Self-Propelled Accommodation Vessel/Floatel/Work Boat and Non-Propelled</p> | 5 January 2024 – 25 June 2027 | <p>Required to meet minimum 30% Bumiputera requirement at equity, board of directors, management and employee level⁽²⁾.</p> <p>Keyfield Offshore is required to register, obtain a licence, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in company's operation and activities.</p> <p>The licence is not transferrable to any company/other party.</p> <p>The licence will be revoked if Keyfield Offshore is found to be in process of liquidation, winding up or dissolution.</p> <p>Keyfield Offshore shall inform PETRONAS of any changes related to Keyfield Offshore's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of the licence.</p> | Complied. |

6. INFORMATION ON OUR GROUP (Cont'd)

| Licencee / Issuing authority | Nature of approval or licences | Date of issue/ renewal - Date of expiry | Licence content / Material conditions imposed | Compliance status |
|-------------------------------------|---|--|---|--------------------------|
| | Accommodation/Construction/ Barge. | | Keyfield Offshore should take immediate action to adhere to the special condition imposed as stated in the appendix of the PETRONAS licence certificate and to inform PETRONAS on the progress of the action. | |
| | 2. SWEC Code 21121518S – the provision of PSV including personnel to transport liquid/ bulk cargo, stores, materials and equipment, or to transport personnel and materials between platforms and drilling rigs. | | Keyfield Offshore is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply any facility, fittings or equipment on its behalf without prior written consent from PETRONAS. | |
| | 3. SWEC Code 21121511S – The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat including but not limited to personnel to supply oil rigs, transport liquid/bulk cargo, stores, materials and equipment, tow oil rigs to location, anchor oil rig and serve as an emergency rescue and recovery vessel (ERRV). | | Keyfield Offshore shall allow PETRONAS representatives for inspection visit / site / company audit and review / copy of documents and interviewing employees and related parties. The licence must be shown to PETRONAS' officers when it is required for inspection. The licence is only valid for services and supply of products as stated in the appendix of the PETRONAS licence certificate (i.e. in respect of SWEC 21121510S, SWEC 21121518S, SWEC 21121511S and SWEC 21121519S). | |
| | 4. SWEC Code 21121519S – the provision of Safety Standby Vessel including personnel at location or within field to provide assistance to emergency | | Keyfield Offshore can be penalised if in PETRONAS' opinion, it has conducted one or more of the following: <ol style="list-style-type: none"> 1. Failed to execute the award job until completion. 2. Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others. 3. Received garnishee order. 4. Facing bankruptcy action. | |

6. INFORMATION ON OUR GROUP (Cont'd)

| Licencee / Issuing authority | Nature of approval or licences | Date of issue/ renewal - Date of expiry | Licence content / Material conditions imposed | Compliance status |
|-------------------------------------|--|--|--|--------------------------|
| | <p>demobilization of offshore crew in the event of rig, platform, Mobile Offshore Drilling Unit (MODU), Offshore-Mobile Production Unit (MOPU) or offshore facilities being abandoned. General Purpose/Utility Vessel including personnel for transporting goods, personnel between platforms, standby boat and chaser boat.</p> | | <ol style="list-style-type: none"> 5. Cannot be traced through the last address. 6. Sub-contract work to another contractor without written permission from PETRONAS. 7. Reject any contract or tender awarded. 8. Entering or accepting contract or tender during the licence suspension period. 9. Provide false, inaccurate or misleading information. 10. Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying. 11. Engaged in any inappropriate activities with this Licence. <p>According to Regulation 9 of the Petroleum Regulations 1974, a person who initiate or continue any business or continue providing services as mentioned in Regulation 3 without a licence or do not comply with any condition of the licence is committing a crime and can be fined not exceeding RM50,000.00 or imprisonment for a period not more than 2 years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 for every 1 day or any part of 1 day which the offense continues after the first conviction is recorded.</p> <p>The approval is not an agreement or guarantee that Keyfield Offshore will be called to participate in a tender or quotation of PETRONAS or its subsidiaries.</p> <p>Keyfield Offshore either by itself, through its employees, directors, agents or its employees are:</p> <ol style="list-style-type: none"> 1. Not allow to use the logo of the PETRONAS' oil drop or the word 'PETRONAS' or use any mark, logo or words or wearing any typeface, font, which resembles the appearance or colour trademarks owned or used by PETRONAS or its subsidiaries ("the | |

6. INFORMATION ON OUR GROUP (Cont'd)

| Licencee / Issuing authority | Nature of approval or licences | Date of issue/ renewal - Date of expiry | Licence content / Material conditions imposed | Compliance status |
|-------------------------------------|---------------------------------------|--|--|--------------------------|
|-------------------------------------|---------------------------------------|--|--|--------------------------|

PETRONAS Trademarks”) in any form whether in printing materials, websites or hand board; and

2. Not allow to perform any acts or in any way either directly or indirectly admits that it is a partner or have any connection/relationship with PETRONAS and/or its subsidiaries,

Unless and except Keyfield Offshore is allowed to use the reference “Keyfield Offshore is licenced by PETRONAS No. Licence: 201301012999”, under Act 3 of the Petroleum Development Act 1974.

The licence may be revoked, suspended or blacklisted at any time if any conditions of PETRONAS licence and registration and any other conditions set in PETRONAS Licence and Registration General Guidelines are not fulfilled.

Notes:

- (1) The DoC is issued under SOLAS 1974 to certify that the safety management system of Keyfield Offshore has been audited and complies with the requirements of the ISM Code. With the DoC issued to Keyfield Offshore, Keyfield Offshore is able to manage its vessels. The renewal of the DoC is subject to an audit on Keyfield Offshore’s ship managing processes by the Surveyor General of Ships.
- (2) Under the SWEC list dated 29 August 2022 issued by PETRONAS, a licence holder is required to have a minimum of 30% Bumiputera equity. Pursuant to the General Guidelines of Licence and Registration Applications issued by PETRONAS on 11 August 2022, the licence holder is also required to have a minimum of 30% Bumiputera at its board of directors, management and employees.

As at the LPD, Keyfield Offshore has complied with the minimum of 30% Bumiputera requirement at equity, board of directors, management and employees. We will still comply with this requirement upon our Listing as Keyfield Offshore is wholly-owned by our Company and our Bumiputera shareholding will be 30.5% upon Listing.

We will renew all our licences as disclosed above prior to its expiry in accordance to the conditions imposed to the licences.

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

6.14 CORE VALUES

- **R**espect
- **I**ntegrity
- **C**ontentment
- **H**umanity

In our commitment to excellence, our Group is guided by 4 fundamental values which form the roots of our corporate culture. We have adopted the "RICH" values as a guiding principle and recognise the importance of these set of values as significant elements to our success. We are committed to conducting our business in accordance with our core values, aiming to establish ourselves as a respected offshore accommodation provider. The "RICH" values are elaborated below:

- **R**espect – Self-respect, respect for team members, respect for our products and services as well as respect for others (customers and stakeholders). Respect is a value that is built upon and reinforced through our interactions internally and externally. By having respect for these four parameters, it establishes a solid foundation for communication and engagement between parties, strengthening our presence within the industry and expanding our network and strategic alliances;
- **I**ntegrity – Moral and ethical principles are inculcated to build trust between management, employees, customers and other stakeholders. Our Group practices transparency, honesty and fairness across all divisions. It compels us to exercise fair judgement when presented with hard decisions and tough choices in our day-to-day operations and business activities. The value of integrity is core to our Group as it embodies our principles within our business conduct;
- **C**ontentment – Our Group views contentment as a binding value that ties together the state of mind and quality of our actions. We are able to achieve higher levels of satisfaction in our daily business conduct through contentment by setting a reasonable target. This value enables us to reflect as well as accept a higher degree of satisfaction in our day-to-day achievement which serves to harmonise our accomplishments in relation to our expectations; and
- **H**umanity – Generosity, discipline, patience, compassion, wisdom, perseverance, and mindfulness are integral to our daily business. We also recognise the importance of corporate social responsibility in our business practice and put priority in giving back to the society through our corporate social responsibility activities, details of which are available in Section 6.7.10.

6.15 QUALITY ASSURANCE AND TECHNOLOGY USED

6.15.1 Quality assurance

We have secured our DoC from the Surveyor General of Ships, Malaysia, indicating that we have been audited and certified to be compliant with the ISM Code.

In order to meet the requirements of charterer, we constantly ensure that our and third party vessels are sea-worthy and operating at optimal conditions. The vessels are considered sea-worthy as they are certified by IACS (such as BV, RINA and ABS). Further, the vessels have to obtain relevant accreditations (such as the OVID) Green status and OSVIS to meet the requirements of the charterers.

6. INFORMATION ON OUR GROUP (Cont'd)

In accordance with certain PACs' requirements, we have begun to implement an OVMSA, which allows us to assess, measure and improve our ship management systems. As part of the OVMSA requirement, the PAC will audit our procedures to ensure that it complies with their requirements.

6.15.2 Repair and maintenance of our own vessels and vessels we are bareboat chartering

We carry out regular periodic repair and maintenance activities, including replacement of the necessary parts, for our own vessels and vessels we are bareboat chartering. Our repair and maintenance activities include as follows:

- Utilising a PMS, which is a computer-based system which assists our crew members to carry out periodic preventive maintenance;
- Establishing an in-house maintenance team, which conducts audit and repair operations both at sea and when the vessels are at the port;
- Conducting an annual survey every year onboard each vessel. This entails annual checking aimed at establishing that the vessels have sufficiently met the conditions of class retainment as well as to check the operation of mechanisms, devices and installations to which requirements of the rules for the classifications are applied;
- Undertaking an intermediate survey, which is typically carried out by underwater survey, is held between the second and third-year. This includes checking of the hull structure (including the vessel's bottom), machineries, and equipment to ensure that they remain in good condition for operation; and
- Undertaking a special survey, which includes dry docking activities, is conducted once every 5 years for the renewal of the class certificate. It is aimed at establishing the technical condition of the vessels and to ensure that any design or technical modifications done to the vessel, if any, complies with the applicable rules of the relevant IACS (such as BV, RINA or ABS) in which the vessels are classed.

Special survey is a mandatory requirement for renewal of classification based on a 5-year cycle from the date of delivery of the vessels.

The loss of on-hire days resulting from annual maintenance and intermediate survey, which is typically carried out at the same time as the annual survey, is estimated to be approximately 15 days. The loss of on-hire days resulting from special survey / dry docking is estimated to be approximately 30 to 45 days.

The costs of repair and maintenance activities for our own vessels, which are included in our cost of sales under 'own vessels - vessel operation and maintenance costs' in Section 11.2.3.2, amounted to RM1.8 million in FYE 2020, RM4.1 million in FYE 2021, RM22.2 million in FYE 2022 and RM13.0 million in FPE Sep 2023.

For other third party vessels, we will ensure that they have the relevant certificates in place such as valid class certificate, certificate of registry and OVID before we decide to charter the third party vessels.

We will also undertake major refurbishments on accommodation vessels that have reached 15 years of age. As Commander and IMS Aman have reached 15 years of age, these vessels will undergo a major refurbishment in FYE 2023 and FYE 2024. The estimated costs of such refurbishments will be approximately RM6.0 million for Commander and RM6.5 million (inclusive of RM2.0 million for IMS Aman DP2 system rectification) for IMS Aman which will be capitalised as part of our property, plant and equipment, and will be funded by our internally generated funds.

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

6.15.3 Crew competency during hiring process

We also ensure that the crew members meet the respective charterer's criteria, whether recruited by us or third party vessel owners/disponent owners. We ensure that all crew members have passed the necessary medical examinations (by the Marine Department Malaysia, PCSB and PACs) and BOSIET course. We will also ensure that marine crew members hold a valid COC qualification. As and when required, we will send our crew members for trainings approved by charterers to meet their criteria.

6.15.4 Internal audit

As required by the Marine Department Malaysia, we conduct an internal audit:

- (i) Onboard our vessels on an annual basis to audit our ship management system and related processes as well as crew competency; and
- (ii) To cross-audit our personnel in our management office across all departments to ensure that the job descriptions of each personnel are met.

6.15.5 Technology used

We utilise the following technologies in our accommodation vessels:

(i) DP system

Falcon, Compassion, Commander, Grace and Helms 1 are equipped with DP2 system while Kindness is equipped with DP1 system. DP system is a computer-controlled system to automatically maintain its position by using its propellers and thrusters. DP1 and DP2 systems automatically control the position and heading of a vessel, by using thrusters that are constantly active and balanced against environmental forces (such as wind, waves and current).

While IMS Aman is also equipped with a DP2 system, it is currently operating as a 4-point mooring vessel as its DP2 system needs to be rectified. Such rectification is expected to cost RM2.0 million as provided by the equipment supplier and engineering contractor which will undertake the rectification work and will be undertaken in the fourth quarter of 2024.

Position reference sensors, combined with wind sensors, motion sensors and gyro compasses provide information to the computer pertaining to the vessel's position and magnitude and direction of environmental forces affecting its position. This will also allow the vessel to operate in adverse weather conditions avoiding costly downtime to offshore oilfield operations. As such, our DP1 and DP2 equipped vessels can operate in harsher deepwater environments. Also, it can operate in congested seabeds that is difficult to deploy anchors.

(ii) Diesel-electric hybrid propulsion system

Falcon runs on a diesel-electric hybrid propulsion system. This system comprises a propulsion system which using a combination of diesel and electric. It consumes less fuel and emits less sulphur oxide and carbon dioxide into the environment, as compared to a diesel-powered engine and it is environmentally friendlier.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) VSAT and vessel tracking system

Our accommodation vessels are fitted with VSAT for the transmission and receipt of data, voice and video signals over the satellite communication network to enable internet connectivity and support our vessel tracking system to provide real time vessel positioning of the vessel. VSAT also provides iTalk facilities, which allows offshore personnel to call onshore.

(iv) Satellite television

Our vessels have satellite television facilities onboard in some rooms, recreational room and mess room. We have a satellite antenna dish installed on our vessels to enable the onboard broadcasting of satellite television.

(v) PMS

The PMS is a computer-based system which assists our staff to carry out periodic maintenance management. It is linked from ship to shore and is monitored by our shore-based management. The PMS is approved by members of IACS.

Our PMS allows for:

- Online recording of all maintenance tasks performed and document management;
- Defines and schedules necessary tasks based on machinery and equipment and age; and/or
- Centralised maintenance and equipment management.

Depending on the item, the equipment onboard the vessel will need to be maintained on either weekly, monthly, quarterly or annual basis. The PMS will alert the marine crew members when these equipment are due for such scheduled maintenance.

6.16 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries during the past 3 FYEs 2020 to 2022, FPE Sep 2023 and up to the date of this Prospectus:

Sale and Purchase Agreement for the purchase of office unit at Pavilion Embassy

- (i) The sale and purchase agreement dated 11 January 2018 between Pedoman Ikhtisas Sdn Bhd as the developer, Keyfield Offshore as purchaser and Lembaga Getah Malaysia as proprietor for the purchase of No. B-22-05, Type B4, Storey No. Level 22, Building No. Tower B in the stratified mixed commercial cum residential development provisionally known as "Pavilion Embassy – Corporate Suites" and forming part of the freehold land held under Master Title Geran 79666, Lot 20006 (formerly held under H.S.(D) 120448, PT No. 255) Seksyen 88A, Kuala Lumpur, for a total cash purchase consideration of RM2.2 million.

We had taken possession of this property on 22 July 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

Sale and Purchase Agreement for the disposal of Avantas Residensi

- (ii) The sale and purchase agreement dated 7 July 2020 between Keyfield Offshore and DF Link Sdn Bhd for the disposal by Keyfield Offshore of a commercial shop lot at G-03A, Avantas Residensi, 162, Jalan Klang Lama, 58000 Kuala Lumpur at a total cash consideration of RM2.5 million.

This sale and purchase agreement was completed on 12 August 2020.

Agreement in relation to Lavin Group subscribing shares in Keyfield Offshore

- (iii) The subscription agreement dated 29 July 2020 ("Lavin Subscription Agreement") between Keyfield Offshore and Lavin Group wherein Lavin Group agreed to subscribe for 14.75 million ordinary shares of Keyfield Offshore for a total subscription price of RM10.0 million in cash. Pursuant to Lavin Group becoming a shareholder of Keyfield Offshore, Lavin Group also agreed to furnish a shareholder's loan of USD12.8 million (equivalent to RM53.6 million) to Keyfield Offshore to finance the settlement of the shipbuilding cost of LS2 and to finance cost of mobilising LS2.

The Lavin Subscription Agreement was completed on 24 August 2020 and the shareholder's loan was fully disbursed on 21 August 2020 pursuant to a Promissory Note dated 21 August 2020.

Agreements pursuant to formation of our Group

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

whereby the purchase consideration for both acquisitions shall be satisfied by way of cash.

This sale and purchase agreement was completed on 22 December 2020.

- (v) The sale and purchase agreement dated 23 December 2020 between our Company, Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria for the acquisition by our Company of the entire share capital of Keyfield Offshore for the total purchase consideration of RM89,999,999.00, which was fully satisfied by the issuance of 179,999,998 new Shares to Darren Kee, Kate Ooi, Mohd Erwan, Lavin Group and OM Ceria.

This sale and purchase agreement was completed on 23 December 2020.

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6. INFORMATION ON OUR GROUP (Cont'd)

Agreements pursuant to capitalisation of shareholders' advances

- (vi) The novation agreement dated 19 August 2020 ("LS2 Novation Agreement") between WCL, Keyfield Marine and the LS Series Shipbuilders. WCL had pursuant to a Shipbuilding Contract dated 1 December 2015 ("LS2 Shipbuilding Contract") agreed to purchase LS2 from LS Series Shipbuilders for USD17.0 million (equivalent to RM70.9 million) and has paid USD3.83 million (equivalent to RM15.7 million) towards the shipbuilding cost of LS2. Pursuant to the said novation agreement, all rights, title, interests, benefits, obligations, duties and liabilities vested in WCL by under or pursuant to the LS2 Shipbuilding Contract was assigned, transferred and conveyed unto Keyfield Marine absolutely. As a result, the amount paid by WCL towards the shipbuilding cost of LS2 was also novated to Keyfield Marine and Keyfield Marine then owed WCL USD3.83 million.

This LS2 Novation Agreement was completed on 19 August 2020.

- (vii) The novation and capitalisation agreement dated 28 December 2020 between our Company, Darren Kee, WCL and Keyfield Marine ("Novation and Capitalisation Agreement") whereby it is agreed between the parties under the Novation and Capitalisation Agreement that WCL shall novate a sum of USD3.60 million (equivalent to RM14.8 million), a sum being the balance of the amount owing by Keyfield Marine to WCL ("Novated Amount") to Darren Kee and Keyfield Marine agrees to repay the Novated Amount to Darren Kee. Pursuant to the Novation and Capitalisation Agreement, Darren Kee, our Company and Keyfield Marine has agreed to capitalise the Novated Amount through issuance of 29,520,000 new Shares ("Capitalisation Shares 1") to Darren Kee at an issue price of RM0.50 per Share as settlement of the Novated Amount for Keyfield Marine of which the Novated Amount shall be valued at in Ringgit Malaysia equivalent to RM14.76 million. It is further agreed by our Company under the Novation and Capitalisation Agreement that Darren Kee is entitled to nominate MEAM Holdings to receive part of the Capitalisation Shares 1 amounting to 13,000,000 new Shares.

Darren Kee had on 28 December 2020 exercised his nomination rights and had sold the 13,000,000 Shares to Mohd Erwan.

This Novation and Capitalisation Agreement was completed on 28 December 2020.

- (viii) The promissory note dated 21 August 2020 between Lavin Group and Keyfield Offshore whereby Lavin Group as a shareholder of Keyfield Offshore had advanced a sum of USD12.8 million (equivalent to RM53.6 million) ("Lavin's Shareholder's Loan 1") to Keyfield Offshore as agreed in the Lavin Subscription Agreement.

The Lavin's Shareholder's Loan 1 was fully disbursed on 21 August 2020.

- (ix) The capitalisation agreement dated 28 December 2020 between our Company, Keyfield Offshore and Lavin Group ("Capitalisation Agreement 1") for the part capitalisation of the Lavin's Shareholder's Loan 1 in the amount of USD5.0 million (equivalent to RM20.50 million) by our Company for Keyfield Offshore through the issuance of 41,000,000 new Shares at an issue price of RM0.50 per Share ("Capitalisation Shares 2"). It is further agreed by our Company under the Capitalisation Agreement 1 that Lavin Group is entitled to nominate Veritas Aman to receive part of the Capitalisation Shares 2 amounting to 22,000,000 new Shares.

Lavin Group had on 28 December 2020 exercised its nomination rights and had sold 22,000,000 Shares to Veritas Aman.

This Capitalisation Agreement was completed on 28 December 2020.

6. INFORMATION ON OUR GROUP (Cont'd)

Agreements for the acquisition of Falcon

- (x) The memorandum of agreement dated 28 September 2020 ("Falcon MOA") between POET and Keyfield Endeavour for the purchase of Falcon (POET 1593) for USD14.5 million (equivalent to RM58.6 million). Keyfield Endeavour has paid a deposit of USD1.45 million (equivalent to RM 5.9 million) as security for the correct fulfilment of the Falcon MOA leaving the balance of the purchase price of USD13.05 million (equivalent to RM52.7 million) to be settled as follows:
- (a) USD8.7 million (equivalent to RM35.2 million) by cash upon physical delivery of Falcon; and
 - (b) the remaining USD4.35 million (equivalent to RM17.5 million) to be settled by confirmation of issuance of shares of 30% of Keyfield Endeavour's enlarged paid-up capital to POET and/or shall be treated as an amount due to POET which shall be detailed out in a separate agreement to be mutually agreed between the parties.
- (xi) An addendum dated 12 November 2020 was made to the Falcon MOA whereby POET's account as set out in the definitions of the Falcon MOA was amended.
- (xii) An addendum dated 14 December 2020 was made to the Falcon MOA whereby POET will no longer subscribe 30% of Keyfield Endeavour's enlarged paid-up capital resulting in the balance of purchase price of USD12.55 million (equivalent to RM50.7 million) to be paid by Keyfield Endeavour on the delivery of Falcon.

This Falcon MOA was completed on 20 January 2021.

Loan agreement with Positive Boom Limited and letter to vary certain terms of the loan agreement

- (xiii) The loan agreement dated 11 January 2021 between Positive Boom Limited and our Company whereby Positive Boom Limited has agreed to make available to our Company a loan of up to USD11.0 million (equivalent to RM44.3 million) for 2 years at interest rate of 2.5% per annum above the 1-month USD London Inter-bank Offered Rate (LIBOR) on the relevant rate fixing day to part finance the acquisition of Falcon.

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

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

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6. INFORMATION ON OUR GROUP (Cont'd)

- (xiv) The letter dated 16 March 2021 whereby our Company and Positive Boom Limited agreed to vary certain terms of the loan agreement, such that the total repayment under the loan agreement shall be RM44.33 million instead of USD11.0 million, and for the interest under the loan to be calculated from 16 March 2021 onwards, instead of date of loan disbursement.

The letter dated 28 December 2022 whereby our Company and Positive Boom Limited agreed to vary certain terms of the loan agreement, such that the repayment of the loan shall commence after 3 full months from the date of full disbursement by a 36 months principal instalment of RM806,000 each month and 1 final instalment of RM15.3 million due on 31 May 2024.

The loan was fully disbursed on 11 January 2021. This sum has been fully repaid in October 2023.

Shareholders and Maritime Security Cooperation Agreement with Naka Bayu

- (xv) Keyfield Offshore had entered into a Shareholders and Maritime Security Cooperation Agreement dated 29 January 2021 with Naka Bayu and the shareholders of Naka Bayu, Mohd Erwan and Tunku Azlan Bin Tunku Aziz to regulate the shareholders' relationship and to form a cooperating relationship to penetrate the business involving maritime security industry in Malaysia to which Keyfield Offshore and Naka Bayu shall jointly supply marine equipment to the Malaysian government agencies.

This agreement was mutually terminated by the parties on 7 January 2022.

Agreements in relation to the subscription of new securities in Keyfield Endeavour

- (xvi) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquist have entered into a Subscription Agreement dated 7 May 2021 ("Keyfield Endeavour Subscription Agreement") whereby our Company and Keyfield Offshore shall subscribe 4,499,999 ordinary shares and 22,500,000 cumulative redeemable convertible preference shares in Keyfield Endeavour ("Keyfield Endeavour CRCPS") at RM1.00 each whilst Maltiquist shall subscribe 500,000 ordinary shares and 2,500,000 Keyfield Endeavour CRCPS at RM1.00 each.

As at the date of the Keyfield Endeavour Subscription Agreement, Maltiquist had already invested RM6.0 million in Keyfield Endeavour. Upon completion of the allotment of the ordinary shares and Keyfield Endeavour CRCPS under the Keyfield Endeavour Subscription Agreement by end May 2021, Maltiquist will emerge as a 10% shareholder in Keyfield Endeavour.

This Keyfield Endeavour Subscription Agreement was completed on 7 May 2021.

- (xvii) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquist have entered into a Shareholders Agreement dated 7 May 2021 to regulate their relationship as shareholders of Keyfield Endeavour and the management and operation of Keyfield Endeavour.

6. INFORMATION ON OUR GROUP (Cont'd)

Letter of Shareholders' Loan

- (xviii) Our Company, Keyfield Endeavour, Keyfield Offshore and Maltiquist have entered into a Letter of Shareholders' Loan dated 7 May 2021 whereby our Company and Maltiquist have agreed to provide shareholders' loan of RM27.0 million and RM3.0 million respectively, to finance the settlement of the acquisition of Falcon and the mobilisation cost and equipment purchase for Falcon. The shareholders' loan shall be subject to an interest rate of 5% calculated on a daily basis on the amount outstanding and on the basis of the actual number of days elapsed and based on the weighted average amount of the principal amount outstanding. The shareholders' loan shall have a fixed term of 1 year* commencing from the date of the Letter of Shareholders' Loan. Keyfield Endeavour shall repay the shareholders' loan together with all interest accrued thereon within 7 business days from the expiry of the loan term. In the event that there remains any outstanding amount owing by Keyfield Endeavour to our Company and Maltiquist upon the expiry of the term, Keyfield Endeavour shall issue new preference shares to settle all such outstanding amount. The shareholders' loan was fully disbursed on 7 May 2021. This sum has been fully repaid in September 2023.

Note:

- * By way of supplemental letters, the parties extended the tenure of this loan to 7 May 2024.

Letter in relation to Stratos Private Equity subscribing for Keyfield Offshore CRNCPS

- (xix) A Letter dated 2 November 2021 where Stratos Private Equity agreed to subscribe to 15,562,500 cumulative redeemable preference shares in Keyfield Offshore ("Keyfield Offshore CRNCPS") at an issue price of RM1.00 per Keyfield Offshore CRNCPS for a total subscription price of USD3,750,000 (equivalent to RM15,562,500 at the exchange rate of USD1:RM4.15).

The subscription was completed on 24 November 2021.

Lavin Group advances to Keyfield Offshore

- (xx) The promissory note dated 11 October 2021 between Lavin Group and Keyfield Offshore whereby Lavin Group as a shareholder of Keyfield Offshore had advanced a sum of USD1.00 million (equivalent to RM4.2 million) ("Lavin's Shareholder's Loan 2") to Keyfield Offshore to be utilised towards the partial payment of the purchase price of the acquisition of Kindness from Vantage Construction (Hong Kong) Co Limited. The Lavin's Shareholder's Loan 2 shall be repayable in USD or its equivalent of RM within 12 months from the date of the promissory note and the repayment period is extendable by another 6 months on Lavin Group's election with no additional charges. The Lavin's Shareholder's Loan 2 is interest free.

The Lavin's Shareholder's Loan 2 was fully disbursed on 11 October 2021. This sum has been fully repaid as at the LPD.

Full Smart International Enterprises Limited advances to Keyfield Offshore

- (xxi) The promissory note dated 25 January 2021 between Keyfield Offshore and Full Smart International Enterprises Limited ("Fullsmart"), a private limited company incorporated in Hong Kong with principal activities in trading of home appliances, industrial equipment, and electronic products. The sole director and shareholder of Fullsmart is Koh Hui Hiong, Bonaventure.

6. INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the aforesaid promissory note Fullsmart had advanced a sum of USD1.25 million (equivalent to RM5.0 million) ("Fullsmart Advances") to Keyfield Offshore. The relationship as between Fullsmart and Keyfield Offshore is that of lender-borrower as per the said promissory note.

The Fullsmart Advances shall be repayable in USD or its equivalent of RM within 24 months from the date of the promissory note and the repayment period is extendable by another 6 months on Fullsmart's election with no additional charges.

The Fullsmart Advances shall bear interest at the rate of the monthly 1-month USD LIBOR plus 2.5% per annum from the date of the disbursement until the repayment in full. Interest shall accrue on a day-to-day basis calculated on the basis of the actual number of days elapsed from 1 February 2021 onwards and paid on the anniversary of the date of disbursement.

The Fullsmart Advances were fully disbursed on 25 January 2021 and was utilised for our working capital. This sum has been fully repaid as at the LPD.

Shipbuilding contract for Kindness

- (xxii) The shipbuilding contract dated 11 October 2021 between Vantage Construction (Hong Kong) Co Limited and Keyfield Offshore for the purchase of Kindness for USD4.3 million (equivalent to RM17.7 million) ("Kindness Shipbuilding Contract"). The purchase consideration shall be settled in 2 instalments, the first instalment was USD1.0 million (equivalent to RM4.2 million) paid in cash within 10 days after signing the Kindness Shipbuilding Contract and the second instalment of USD3.25 million (equivalent to RM13.5 million) settled in cash upon delivery of Kindness.

This Kindness Shipbuilding Contract was completed on 9 November 2021.

Agreements relating to the acquisition of Lavin Vessel 1

- (xxiii) The sale and purchase agreement dated 18 February 2022 between our Company and Lavin Group for the acquisition by our Company of 1,000 ordinary shares representing the entire equity interest in Lavin Vessel 1* for a purchase consideration of RM12.5 million which was satisfied by the allotment and issuance of 50,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS to Lavin Group.

This sale and purchase agreement was completed on 18 February 2022.

Note:

* As at the LPD, Lavin Vessel 1 had changed its name to Keyfield Resolute.

- (xxiv) The Keyfield Resolute Capitalisation Agreement dated 18 February 2022 between our Company, Lavin Group and Lavin Vessel 1. Lavin Group had advanced an intercompany loan to Lavin Vessel 1 for the acquisition of Commander and Compassion and as at the date of the Keyfield Resolute Capitalisation Agreement, Lavin Vessel 1 owed RM65.0 million to Lavin Group. Pursuant to the Keyfield Resolute Capitalisation Agreement, our Company will upon the completion of the acquisition of Lavin Vessel 1, assume the RM65.0 million owed by Lavin Vessel 1 to Lavin Group by allotting and issuing 260,000,000 Keyfield CRNCPS at the issue price of RM0.25 to Lavin Group.

6. INFORMATION ON OUR GROUP (Cont'd)

As a result of our Company assuming the RM65.0 million, Lavin Vessel 1 will then owe our Company RM65.0 million which will be satisfied by Lavin Vessel 1 allotting and issuing 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Resolute NCRCPs") at the issue price of RM1.00 per Keyfield Resolute NCRCPs to our Company.

This Keyfield Resolute Capitalisation Agreement was completed on 18 February 2022.

Agreements relating to the acquisition of Grace

- (xxv) The memorandum of agreement dated 18 February 2022 ("Stratos MOA") between Stratos Vessel and Keyfield Serenity for the purchase of Grace for RM65.0 million which was satisfied by the allotment and issuance of 260,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS directly to Stratos Private Equity, the holding company of Stratos Vessel pursuant to an Intercompany Payment and Capitalisation Agreement (set out below) entered into on the same date.

This Stratos MOA was completed on 18 February 2022.

- (xxvi) The Intercompany Payment and Capitalisation Agreement dated 18 February 2022 between our Company, Keyfield Serenity, Stratos Private Equity. Pursuant to the Intercompany Payment and Capitalisation Agreement, our Company will simultaneously upon the completion of the acquisition of Grace, allot and issue 260,000,000 Keyfield CRNCPS, at the issue price of RM0.25 per Keyfield CRNCPS directly to Stratos Private Equity as settlement for the acquisition of Grace.

As a result of our Company allotting and issuing 260,000,000 Keyfield CRNCPS to Stratos Private Equity for the purposes of the acquisition of Grace, Keyfield Serenity will then owe our Company RM65.0 million which will be satisfied by Keyfield Serenity allotting and issuing 65,000,000 non-cumulative redeemable convertible preference shares ("Keyfield Serenity NCRCPs") at the issue price of RM1.00 per Keyfield Serenity NCRCPs to our Company.

This Intercompany Payment and Capitalisation Agreement was completed on 18 February 2022.

Agreement in relation to the acquisition of Lestari (formerly Permata Arau 1)

- (xxvii) The bill of sale dated 17 March 2023 between the Sheriff of the High Court of Malaya at Kuala Lumpur and Keyfield Offshore for the acquisition of Lestari (formerly Permata Arau 1) for RM24.4 million to be satisfied in cash pursuant to a bid made by Keyfield Offshore at an auction conducted by the High Court of Malaya at Kuala Lumpur.

This bill of sale for the acquisition of Lestari (formerly Permata Arau 1) was completed on 17 March 2023.

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6. INFORMATION ON OUR GROUP (Cont'd)**Agreement in relation to the acquisition of Helms 1**

(xxviii) The memorandum of agreement dated 7 April 2022 ("Helms 1 MOA") between Sea Steel Sdn Bhd and Keyfield Offshore to acquire Helms 1 for a purchase consideration of RM50.5 million which consists of the following:

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

Note:

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

The total purchase consideration above is payable over 29 monthly instalments of RM0.5 million and a final instalment of RM35.5 million.

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

This Helms 1 MOA was completed on 7 April 2023 and Keyfield Offshore has taken delivery of Helms 1.

Agreement in relation to the acquisition of Blooming Wisdom

(xxix) The memorandum of agreement dated 7 April 2023 ("Blooming Wisdom MOA") between Azulite Bloom Sdn Bhd and Keyfield Offshore for the acquisition of Blooming Wisdom for a purchase consideration of RM94.9 million which consists of the following:

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

Note:

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

The total purchase consideration above is payable over 48 monthly instalments of RM1.98 million.

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

This Blooming Wisdom MOA was completed on 7 April 2023 and Keyfield Offshore has taken delivery of Blooming Wisdom.

6. INFORMATION ON OUR GROUP (Cont'd)

Agreement in relation to the acquisition of IMS Aman

- (xxx) The sale and purchase agreement dated 26 January 2024 between Khas Jejaka Sdn Bhd and Keyfield Offshore for the purchase of IMS Aman for a purchase consideration of RM34.8 million which was satisfied in cash. Keyfield Offshore has paid a deposit of RM3.48 million to Khas Jejaka Sdn Bhd upon signing of this agreement leaving the balance of the purchase price of RM31.32 million to be settled within 14 days from the date of this agreement.

This sale and purchase agreement was completed on 30 January 2024.

Tenancy agreements

- (xxxi) The tenancy agreements dated 25 December 2022 between 10 Tower Sdn Bhd and Keyfield Offshore for our tenancy of Units B-30-01 and B-30-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur for an aggregate monthly rental of RM13,465 for a period of 25 months commencing from 1 February 2023 and expiring on 28 February 2025.

London Bridge Property Management Sdn Bhd had rented the above office units to 10 Tower Sdn Bhd, which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

- (xxxii) The tenancy agreements dated 27 March 2023 between Helix Management Sdn Bhd and Keyfield Offshore for our tenancy of Units B-31-01, B-31-02, B-31-07 and B-31-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur for an aggregate monthly rental of RM28,816 for a period of 3 years commencing from 1 March 2023 and expiring on 28 February 2025.

London Bridge Property Management Sdn Bhd had rented the above office units to Helix Management Sdn Bhd, which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

Umbrella Contract with PCSB

- (xxxiii) Umbrella Contract dated 1 October 2020 entered into between Keyfield Offshore with PCSB. The salient terms of the Umbrella Contract are set out in Section 6.7.2.

Underwriting Agreement for the Public Issue

- (xxxiv) The underwriting agreement dated 5 March 2024 between our Company and M&A Securities for the underwriting of 64,000,000 Issue Shares as set out in Section 4.11.1. Please refer to Section 4.12 for the salient terms of the Underwriting Agreement.

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

6.17 MATERIAL PROPERTIES OF OUR GROUP

6.17.1 Property owned by our Group

Details of the property owned by our Group as at the LPD are as follows:

(i) B-22-05, Pavilion Embassy

Particulars of title / Address : Master Title Geran 79666, Lot 20006 (formerly held under HS(D) 120448, PT No. 255) Seksyen 88A, Bandar of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur / B-22-05, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur

Registered owner / Developer : Lembaga Getah Malaysia (Proprietor) and Pedoman Ikhtisas Sdn Bhd (Developer). The strata title for this property has yet to be issued.

Land area based on title : 57,619 sq ft

Tenure / category of land use : Freehold / Commercial use only

Description, age of building and existing use : A single floor office unit with a built-up area of 1,615 sq ft.

As at the LPD, it is held as an investment property and rented to a third party tenant.

NBV : RM1,531,869 as at 30 September 2023

Building compliance : Certificate of Completion and Compliance dated 12 December 2022

Encumbrances : Assigned to United Overseas Bank (Malaysia) Bhd

As at the LPD, the above property is not in breach of any land use condition or permissible land use and is in conformity to all relevant property laws, rules and regulations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.17.2 Properties rented by our Group

Details of properties rented by us as at the LPD are set out below:

| No. | Description | Landlord / Owner / Tenant | Existing use | Built-up area | Period of tenancy / Rental per annum (RM'000) |
|-----|--|---|-----------------------------------|------------------|--|
| 1. | Single floor office unit located at Unit B-31-01, B-31-02, B-31-07 and B-31-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur | Helix Management Sdn Bhd ⁽¹⁾ / Keyfield Offshore | Head office | 5,192 sq ft | 1 March 2023 to 28 February 2025 / 346 |
| 2. | Single floor office unit located at Unit B-30-01 and B-30-08, Tower B, Pavilion Embassy, Kompleks Pavilion Ampang, No. 200, Jalan Ampang, 50450 Kuala Lumpur | 10 Tower Sdn Bhd ⁽²⁾ / Keyfield Offshore | Head office | 2,426 sq ft | 1 February 2023 to 28 February 2025 / 162 |
| 3. | Single floor office unit located at Lot 1807, 18 th Floor, Tower 2 Faber Towers, Jalan Desa Bahagia Taman Desa, 58100 Kuala Lumpur | Canggih Pesaka Sdn Bhd / Keyfield Offshore | Former head office ⁽³⁾ | 3,824 sq ft | 15 August 2021 to 14 August 2023 / 106 |

Notes:

- ⁽¹⁾ London Bridge Property Management Sdn Bhd had rented office units to Helix Management Sdn Bhd, of which Helix Management Sdn Bhd then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.

6. INFORMATION ON OUR GROUP (Cont'd)

- (2) London Bridge Property Management Sdn Bhd had rented office units to 10 Tower Sdn Bhd, of which 10 Tower Sdn Bhd then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates.
- (3) Our Group moved into our new head office at Pavilion Embassy, Kuala Lumpur, Malaysia in March 2023. We will not renew this tenancy agreement upon its expiry.

As at the LPD, the properties rented by our Group are not in breach of any land use or regulatory requirements.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The following is an overview of the regulatory requirements governing our Group which are material to our business operations, and is not an exhaustive description of all relevant laws and regulations which our business is subject to:

(i) Merchant Shipping Ordinance 1952 (MSO) and International Maritime Conventions

The MSO governs merchant shipping in Malaysia. In addition, the MSO has also adopted certain international maritime conventions making them laws under the MSO to be complied with.

(a) Registration of Malaysian ships

Section 11 of the MSO states that a ship shall not be deemed to be a Malaysian ship unless it is owned wholly by either Malaysian citizens or corporations which satisfy the requirements of Section 11(b) of the MSO which includes, amongst others, the corporation is incorporated in Malaysia, the principal office of the corporation is in Malaysia; the management of the corporation is carried out mainly in Malaysia and the majority of directors and shareholders are Malaysians.

Section 12 of the MSO makes it compulsory that every Malaysian ship must be registered under the MSO unless otherwise exempted by the MSO. Once it is registered, the ship shall be issued with a Certificate of Registry.

Before registration, Section 17 of the MSO requires a ship owner to obtain a certificate of measurement issued by the Ship Surveyor specifying the ship's tonnage and build and such other particulars descriptive of the identity of the ship.

As at the LPD, all of our vessels hold valid Certificates of Registry.

(b) Domestic shipping

Section 65L of the MSO provides that a ship shall not engage in domestic shipping without a licence unless otherwise exempted by the MSO. Domestic shipping is defined under the MSO as the use of ship to provide services, other than fishing, in Malaysian waters or the exclusive economic zone, or for the shipment of goods or the carriage of passengers from or to any port or place in Malaysia another port or place in Malaysia or any place in the exclusive economic zone or vice versa. The Domestic Shipping Licensing Board established pursuant to the MSO regulates and controls the licencing of ships engaged in domestic shipping.

As at the LPD, all of our vessels hold valid Domestic Shipping Licences.

6. INFORMATION ON OUR GROUP (Cont'd)

(c) Maritime labour

Pursuant to Section 117 of the MSO, the ship owner shall ensure that his ship holds a valid Maritime Labour Certificate or Interim Maritime Labour Certificate, as the case may be, before the ship can go on a voyage or an excursion.

In addition, the Maritime Labour Convention 2006 ("MLC") requires all ships of 500 gross tonnage or more plying internationally to hold a valid Maritime Labour Certificate. The MLC sets out the minimum requirements for working and living conditions for seafarers, including recruitment practices, conditions of employment, hours of work and rest, repatriation, annual leave, payment of wages, accommodation, health protection, occupational safety and health and medical care.

As at the LPD, all of our vessels hold valid Maritime Labour Certificates.

(d) Ship security

Section 249K of the MSO states that a company shall apply for an International Ship Security Certificate for the purposes of maritime transport safety and security.

International Convention for the Safety of Life at Sea 1974 (SOLAS 1974) specifies among others, minimum safety standards for the construction, equipment and operation of ships. The convention includes regulations concerning the survey of various types of ships and the issuing of documents signifying that the ships had met the requirements stipulated in the convention.

In addition, the International Ship and Port Facility Security Code ("ISPS Code") which came into force under the SOLAS 1974 constitutes the basis for a comprehensive mandatory security regime for international shipping. The ISPS Code outlines detailed maritime and port security related requirements and provides an international standard for the safety management and operation of ships and for pollution prevention.

As at the LPD, all of our vessels hold valid International Ship Security Certificates.

(e) Safety management system

Section 249AH of the MSO compels every company to develop, implement and maintain a Safety Management System which shall include a safety and environmental-protection policy, instructions and procedures to ensure the safe operation of ships and protection of the environment in compliance with relevant laws and international conventions, defined levels of authority and lines of communication between and amongst shore and shipboard personnel, procedures for reporting accidents and non-conformities with its provisions, procedures to prepare for and respond to emergency situations, and procedures for internal audits and management reviews.

The ISM Code adopted by the SOLAS 1974 provides an international standard for the safe management and operation of ships and for pollution prevention.

As at the LPD, all of our vessels hold valid Safety Management Certificates.

6. INFORMATION ON OUR GROUP (Cont'd)

Furthermore, Keyfield Offshore as at the LPD holds a valid DoC issued under the provisions of the SOLAS 1974 which certifies that the management system of Keyfield Offshore has been audited and that it complies with the requirements of the ISM Code.

(f) Load line

According to Section 315 of the MSO, where a Malayan load line ship registered in Malaysia has been surveyed and complies with the conditions of assignment to the extent required in her case by those provisions, there shall be issued to the owner of the ship on his application:

- (a) in the case of an international load line ship, a load line certificate referred to as "a Load Line Convention certificate"; and
- (b) in the case of a load line ship, a load line certificate referred to as "a Federation of Malaya load line certificate".

In addition, the International Convention on Load Lines 1966 ("ICLL") prescribes the standards at which freeboards of ships are to be assigned and the load lines of ships are to be marked in accordance with the ICLL.

As at the LPD, all of our vessels hold valid International Load Line Certificates.

(g) Tonnage

The Merchant Shipping (Tonnage) Regulations 1985 ("MSTR") being regulations made pursuant to the MSO applies to ships of 24 meters in length or over and registered in Malaysia. The MSTR regulates the method of measurement and calculation of tonnage of a ship. Upon satisfaction that the tonnage of the ship is in compliance with Regulation 6 and Regulation 7 of the MSTR, the certifying authority shall issue the owner an International Tonnage Certificate (1969).

Convention wise, the International Convention on Tonnage Measurement of Ships 1968 prescribes among others the standards wherein ships are to be surveyed and measured in relation to its gross and net tonnages.

As at the LPD, all of our vessels hold valid International Tonnage Certificates.

(h) Environment

Section 306CA of the MSO, prohibits the discharge of oil or harmful substances into any part of Malaysian waters, the exclusive economic zone, the atmosphere, any Malaysian coast, or Malaysian reef.

Under International Maritime Conventions, the International Convention for the Prevention of Pollution from Ships 1973 ("MARPOL") is an international convention on the prevention of pollution of the marine environment by ships from operational or accidental causes. For example, the MARPOL sets out certain requirements to control pollution of the sea by sewage, wherein discharge of sewage into the sea is prohibited unless the ship has in operation an approved sewage treatment plant. MARPOL also limits sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, save for Blooming Wisdom which is non-self-propelled and therefore the International Energy Efficiency Certificate does not apply to it, all of our vessels hold the following valid certificates:

- (aa) International Oil Pollution Prevention Certificates;
- (bb) International Air Pollution Prevention Certificates;
- (cc) International Sewage Pollution Certificates; and
- (dd) International Energy Efficiency Certificates.

The International Oil Pollution Prevention Certificate, International Sewage Pollution Prevention Certificate and International Air Pollution Prevention Certificate have a validity period of up to 5 years from the date the respective certificates were issued. As at the LPD, the aforementioned certificates of our vessels have a remaining validity period of between 1 year and 4 years. Meanwhile, the International Energy Efficiency Certificate does not have any expiry date.

(ii) Petroleum Regulations 1974

In view of our Group's dealings with PETRONAS, a licence must be obtained in compliance with Regulation 3 of the Petroleum Regulations 1974 to commence or continue any business or service involving, the supply of equipment and facilities and services required in connection with the exploration, exploitation, winning and obtaining of petroleum.

As at the LPD, Keyfield Offshore holds the following valid PETRONAS licence:

| Mode of Operation | SWEC Code | Description |
|--------------------------|------------------|--|
| Vessel owner-operator | 21121510S | The provision of Accommodation Work/Construction Boat/Barge including personnel to accommodate work personnel and crew with a degree of comfort and safety, with deck space or materials work area and crane for Self-propelled Accommodation Vessel/ Floatel/ Work Boat and Non-propelled Accommodation/ Construction/ Barge. |
| | 21121511S | The provision of AHT/ AHTS/ Tow Tug Boat including but not limited to personnel to supply oil rigs, transport liquid/bulk cargo, stores, materials and equipment, tow oil rigs to location, anchor oil rig and serve as an emergency rescue and recovery vessel (ERRV) |

6. INFORMATION ON OUR GROUP (Cont'd)

| Mode of Operation | SWEC Code | Description |
|-------------------|-----------|---|
| | 21121518S | The provision of PSV including personnel to transport liquid/ bulk cargo, stores, materials and equipment, or to transport personnel and materials between platforms and drilling rigs. The vessel is normally used for deepwater operations. |
| | 21121519S | The provision of Safety Standby Vessel including personnel at location or within field to provide assistance to emergency demobilization of offshore crew in the event of rig, platform, Mobile Offshore Drilling Unit (MODU), Mobile Offshore Production Unit (MOPU) or offshore facilities being abandoned. General Purpose/Utility Vessel including personnel for transporting goods, personnel between platforms, standby boat and chaser boat. |

There are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our assets as at the LPD. As at the LPD, we have not breached any of the above requirements.

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

6.19 BUSINESS STRATEGIES

6.19.1 We intend to strengthen our market position through fleet expansion via acquisition(s) of accommodation vessels

Our growth trajectory over the last few years has been driven by the expansion of the fleet of our own vessels, which generate higher GP margin as compared to third party vessels. We took delivery of our first vessel, LS1, in 2017 and our second vessel, LS2, in 2020. Our fleet size further increased with the additions of Falcon and Kindness in 2021, followed by Grace, Compassion and Commander in 2022. We further bolstered our fleet with the acquisitions of Lestari, Helms 1 and Blooming Wisdom in 2023 and subsequently IMS Aman in 2024.

As part of our future plans, we intend to expand our fleet while carefully assessing the activity outlook for the Malaysian oil and gas industry. We will further ensure that the technical specifications of the additional accommodation vessels align with the technical and operational requirements of our current and/or prospective charterers.

We plan to expand our fleet through the following:

(i) Acquiring completed accommodation vessels which are put up for sale

Save for LS1, LS2 and Kindness, which were newly-built vessels, all of our other accommodation vessels were completed vessels when we acquired them, i.e they were ready to be deployed to charterers and already had a track record of being chartered out.

The advantages of acquiring completed vessels include:

- (a) Investment cost savings, as completed existing vessels are typically available at a lower purchase price compared to new vessels;
- (b) Immediate availability, as the shorter delivery time and shorter registration time allows for immediate deployment;
- (c) Established track record, which reduces uncertainties associated with the vessel's performance, as its track record will show its performance, reliability and operational history; and
- (d) Reduced construction time and risks, especially when there is a need for immediate deployment of the vessel.

This approach will enable us to expand our fleet, particularly in response to demand for additional accommodation vessels which will allow us to swiftly acquire and seamlessly integrate these vessels into our operations and meet the requirements of our charterers.

We plan to continue adopting such an approach in our fleet expansion plans. In line with this approach, we had in January 2024, acquired IMS Aman from Khas Jejaka Sdn Bhd for a purchase consideration of RM34.8 million. IMS Aman is an accommodation vessel with an accommodation capacity of up to 198 personnel. IMS Aman is equipped with DP2 system, however such system needs to be rectified at the estimated cost of RM2.0 million. The estimated cost is provided by the equipment supplier and engineering contractor which will undertake the rectification work. Such cost will be borne by us and is expected to be incurred in the fourth quarter of 2024.

We funded the acquisition using our internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Entering into a shipbuilding contract with suitable shipbuilder(s) to build new accommodation vessel(s)

Apart from acquiring completed vessels which are available in the market, we may also enter into shipbuilding contract(s) with suitable shipyard(s) to build new accommodation vessel(s) with features which meet the specific needs of our current and prospective charterers. Such features may include hybrid diesel-electric engines for fuel savings, a DP2 system, a larger deck space, more accommodation rooms to cater for a larger capacity of passengers, helipad, higher capacity main crane, solar photovoltaic systems, and battery powered generators, among others.

Our management's experience in providing technical support and advisory services relating to shipbuilding will provide us with valuable insight into the needs of the upstream oil and gas industry, in terms of the technical design and requirements of accommodation vessels. Leveraging on this experience, we will work closely with the shipyard(s) to construct modern, industry-standard accommodation vessel(s) that are also environmentally friendly.

Based on our experience, the construction of a new accommodation vessel typically takes approximately 18-24 months to complete. The estimated cost to build a new accommodation vessel with the aforementioned features currently ranges from USD28.0 million to USD35.0 million (equivalent to RM133.3 million to RM166.6 million based on the exchange rate as at LPD). We intend to fund the above via our internally generated funds and future debt or equity fundraising exercises.

We expect to acquire a newly built accommodation vessel (to be identified) for a total estimated cost of up to USD35.0 million (equivalent to RM166.6 million based on the exchange rate as at LPD) over the next 2 years from our Listing. The procedures relating to the acquisition of vessels is set out in Section 6.4.

6.19.2 We intend to broaden our service offerings to PCSB and PACs

We had obtained our PETRONAS Vessel Owner-Operator licence with the SWEC code 21121510S in 2018 and the LOA For Umbrella Contract in 2019, which enabled us to bid directly to PCSB and PACs for the provision of AWBs.

Over the years, our Group has established our presence in the Malaysian oil and gas industry, specialising in chartering of accommodation vessels and the provision of related onboard services, thereby building our experience in providing such services to PCSB and PACs.

As part of our expansion plan, we had broadened our service offerings to include the chartering of AHTS and PSV, which may also be utilised as smaller accommodation vessels. In line with this plan, we had acquired Kindness and Helms 1, both of which are an AHTS and PSV respectively. Furthermore, in 2022, we applied for and obtained additional SWEC codes as follows:

- (i) 21121511S (Anchor Handling Tug (AHT)/ Anchor Handling Tug & Supply (AHTS)/ Tow Tug Boat); and
- (ii) 21121518S (Platform Supply Vessel (PSV)).

This enables us to respond to request for proposals on projects by oil and gas contractors which require the use of an AHTS or PSV. It will also enable us to participate in invitation to bid to be a panel contractor to PCSB and PACs in respect of AHTS and PSV.

6. INFORMATION ON OUR GROUP (Cont'd)

In March 2023, our Group received an invitation to bid from PCSB to tender for the Provision of Production Operations Vessels (POV) in respect of AHTS and PSV for a period of 3 years with an optional extension for another 3 years. In May 2023, we submitted the required bid and as at the LPD, we are still awaiting its outcome.

Should we be successful, we will then be able to directly participate in invitations to bid by PCSB and PACs for the provision of AHTS and PSV for charter. In addition, we may also bareboat charter AHTS and/or PSV which are available in the Malaysian market in order to serve our current and prospective customers.

This is expected to augur well for our future prospects as it will broaden our service offerings to PCSB and PACs, while generating an additional revenue stream. Further, the provision of AHTS is complementary to the provision of AWBs and Barges to our customers as AHTS is required for anchor deployment and retrieval as well as the towing of Barges.

To this end, we may also acquire additional AHTS and/or PSV, either new or completed, to expand our fleet should the market conditions be favourable. The actual cost of acquiring a new AHTS and PSV can differ significantly from one vessel to another as it will depend on various factors such as the vessel age, vessel tonnage, size of bollard pull (for AHTS), deck space, accommodation capacity, and DP-system.

We estimate that the cost to acquire a new AHTS with similar specifications to Kindness currently ranges from USD10.0 million to USD11.0 million (equivalent to RM47.6 million to RM52.4 million based on the exchange rate as at LPD). Kindness is an AHTS and its key specifications are disclosed in Section 6.6.3.

We expect to acquire a new AHTS with similar specifications to Kindness (to be identified) for a total estimated cost of up to USD11.0 million (equivalent to RM52.4 million based on the exchange rate as at LPD) via our own internally generated funds over the next 2 years from our Listing. The procedures relating to the acquisition of vessels is set out in Section 6.4.

6.19.3 We plan to continuously enhance our own vessels' capabilities in alignment with industry trends and our sustainability agenda

Our fleet of AWBs have an average age of 8 years which is relatively younger than the industry average of 10 years for AWBs. Our fleet of own vessels have additional amenities as described in Section 6.8.4. We are committed to continuously improve and upgrade our fleet, incorporating the latest available features and advancements in line with industry trends and our sustainability agenda, where feasible.

One of the recent industry trends in the oil and gas industry include the increased awareness and focus by PCSB and PACs on ESG and sustainability aspects. PCSB and PACs have been setting targets and implementing initiatives to reduce greenhouse gas emissions, promote environmental sustainability and enhance their corporate sustainability reporting practices. In particular, PCSB has announced its intention to achieve net zero carbon emissions by 2050 and has been implementing initiatives to reduce greenhouse gas emissions and embark on new growth opportunities that are sustainable including renewable energy (such as solar and wind energy), hydrogen and biofuels. In line with this industry trend, we have outlined the following initiatives which we will undertake in the near future to render our fleet of accommodation vessels more marketable to existing and prospective charterers as such initiatives will assist them to achieve their sustainability agenda. These initiatives are:

6. INFORMATION ON OUR GROUP (Cont'd)

(i) Installing food composting systems onboard our own vessels

In April 2023, we installed a food composting system onboard our largest accommodation vessel, Blooming Wisdom. This system works by compressing food waste generated from our catering operations into smaller particles, facilitating efficient and convenient storage of such waste. The system onboard Blooming Wisdom can compost up to 200 litres of organic waste per day which is then transformed into a bio-organic compost which can be re-purposed as natural fertilisers.

We had invested RM0.5 million from our internally generated funds for the food composting system onboard Blooming Wisdom. We plan to progressively install similar systems onboard our other own vessels, where suitable, which will be funded through our internally generated funds.

We plan to install 1 similar system each onboard 3 of our own vessels within the next 12 months, which we estimate the cost to be approximately RM0.3 million per vessel and approximately RM0.9 million in total. The cost of such system depends on the accommodation capacity of the vessel which it would be installed on.

As environmental standards become more stringent, having such a system allows us to contribute towards the sustainability efforts of both our Group as well as that of our charterers.

(ii) Installing solar panels onboard our own vessels

Apart from Falcon, which has a diesel-electric hybrid engine, all our own vessels are propelled by diesel-powered engines. In addition, all of our own vessels are equipped with generators which are used to power the various electrical equipment and machineries onboard our vessels. Marine gas oil, or commonly known as diesel, is the source of energy which we currently use to power our own vessels and their generators.

We incur marine gas oil costs when our own vessels are off-hire while such costs are borne by our charterers when our own vessels are on-hire.

In June 2023, we appointed a solar photovoltaic system supplier to undertake a feasibility study to evaluate the viability of installing of a such system onboard Blooming Wisdom, our largest accommodation vessel. The study, which is expected to take approximately 6 months, will encompass various aspects, such as determining the capacity of solar panels to be installed and designing an effective integration plan with the vessel's existing electrical systems.

As at the LPD, we have completed the feasibility study and concluded that it is beneficial to our Group to install such a system, and decided to proceed with the investment. This investment would include the installation of a solar photovoltaic system paired with a battery energy storage system, which can generate electricity directly from solar energy to support the vessel's electricity requirements and store any excess power in the battery for later use.

We can achieve energy and cost savings by installing such solar photovoltaic system. The amount of energy savings depends on various factors such as the vessel's location and amount of direct sunlight it receives. By harnessing solar energy, we can reduce our marine gas oil consumption and decrease greenhouse gas emissions. During the off-hire period, such system will then allow us to save on our operational costs while during the on-hire period, it will allow us to contribute towards our charterer's cost savings, further solidifying our commitment to sustainable practices.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we have completed the first installation phase which entails the installation of the solar panels and related engineering works on Blooming Wisdom. The second installation phase, which entails the installation of the battery pack, is scheduled to be carried out by the first quarter of 2025. Upon the completion of the second installation phase, the solar system can be utilised by second quarter of 2025.

Based on current estimates, the total investment cost is approximately RM3.0 million, which will be funded through our internally generated funds and can be recovered over time through cost savings. This investment will also improve our profitability during the off-hire period.

We also plan to progressively install similar systems on our other own vessels, where suitable.

Apart from the abovementioned initiatives, we also intend to ensure the features and technology used in our accommodation vessels are up-to-date and remain relevant to industry trends which are driven by demand from potential and existing charterers. In particular, DP2 system is a relatively more advanced technology used in accommodation vessels in comparison to 4-point mooring, and it allows the vessel to operate in adverse weather conditions, harsher deepwater environments and in congested seabeds that are difficult to deploy anchors.

(iii) Installing a DP2 system onboard LS2

Currently, we own 8 AWBs of which 3, namely LS1, LS2 and Lestari are 4-point mooring equipped AWBs and 4, namely Falcon, Grace, Compassion and Commander are DP2-equipped AWBs. DP2-equipped accommodation vessels, including AWBs, are able to operate in harsher deepwater environments. While IMS Aman is also equipped with DP2 system, it is currently operating as a 4-point mooring vessel. Further, our DCR for DP2-equipped AWBs are higher than those of 4-point mooring AWBs.

In view of the above, we intend to retrofit a DP2 system onboard LS2. This will enhance LS2's capability and potentially increase its DCR. We have appointed a system designer to undertake a feasibility study for such installation. If the results of such feasibility study are positive, we plan to carry out the DP2 retrofitting during LS2's expected off-hire period in 2024 or next dry docking in 2025. The estimated cost for such retrofitting is RM6.0 million which will be fully funded by our internally generated funds.

6.20 EMPLOYEES

The breakdown of our employees by department is as follows:

| Department | Total employees |
|--|-----------------|
| Directors | 2 |
| Key senior management | 3 |
| Technical, Operations, Crewing, Catering and Commercial | 34 |
| Finance, Administrative and Human Resources | 17 |
| Total | 56 |

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we employ the following:

| | Malaysians | Non-Malaysians | Total |
|--|-------------------|-----------------------|--------------|
| Full-time employees | 56 | - | 56 |
| Crew members on a contractual basis ⁽¹⁾ | 286 | 1 ⁽²⁾ | 287 |
| Total | 342 | 1 | 343 |

Notes:

- (1) All crew members who are employed on a contractual basis, including Masters and Campbosses, are considered as employees of the Group during their employment.
- (2) The non-Malaysian crew member whom we employ holds a valid Malaysian temporary employment pass.

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

6.20.1 Training and development

We provide our employees and crew members with training and development to enhance their skills and knowledge with courses, seminars and training programmes. We have set a series of training programmes for each of our employee and crew member to support their development in their respective fields. Some of these training programmes are required by our customers.

In the past FYEs, some of the courses, seminars and training programmes our employees and crew members have attended include:

| | Training programmes | Organiser |
|----------|---|-------------------------------------|
| FYE 2020 | Hazard Analysis and Critical Control Point ("HACCP") Training | BSTS Sdn Bhd |
| | Shipboard Catering Management Course | Ranaco Marine Sdn Bhd |
| | Rigger American Petroleum Institute ("API") Course | BSTS Sdn Bhd |
| | Banksman API Course | BSTS Sdn Bhd |
| | Basic Hydrogen Sulphide (H2S) Training | BSTS Sdn Bhd |
| | Person In Charge Training | BSTS Sdn Bhd |
| | Designated First Aider | BSTS Sdn Bhd |
| | HACCP Inspection and Verification for Site Medic | PHEIO Management Sdn Bhd |
| FYE 2021 | Latest Allowable Cost Matrix | HRD Corporation |
| | Let's Talk on New Energy, New Path | PETRONAS |
| | Smart by GEP | PETRONAS |
| | PETRONAS & Industry Partners MySTEP | PETRONAS |
| | Engagement Day 2021 | |
| FYE 2022 | Training for Charter Party Agreement | Messrs Ariff & Co |
| | "Effective Communication at the Workplace" English course | Pusat Bahasa Wira |
| | CPR & AED Training Course | CERT Academy |
| | Hasil CtIM Tax Forum 2022 | Chartered Tax Institute of Malaysia |

6. INFORMATION ON OUR GROUP (Cont'd)

| | Training programmes | Organiser |
|----------|--|--|
| | HIT9639 - MICROSOFT OFFICE EXCEL & POWER POINT (INTERMEDIATE TO ADVANCE) Understanding and Construct Indirect Cashflow Statement Employment Amendment Act 2021 & Guidelines for HR Policies Managing Stress at Workplace Seminar: Fixed Income Market Outlook Annual Fire Drill Exercise Briefing & HSE INDUCTION HR Networking Session & Members Meeting Seminar: Maritime Professionals: Legalities of the New Norm | CREATIVE CORPORATE TRAINERS (M) SDN BHD Internal: Ng Yaw Hog Uni Training Academy Sdn Bhd Pusat Bahasa Wira Super Sdn Bhd RHB Group Mazlan Bin Harun HR Edge Consulting Sdn Bhd IKHTISAS Kelautan Malaysia, International Malaysian Society of Maritime Law CENTRE OF MARITIME EXCELLENCE (CME) |
| | Training: Company Security Office (CSO) | SEALESTIAL MARINE SEAFARER TRAINING CENTRE |
| | Combined ISM & ISPS Code Internal Auditor (CIA) CFO Nightmares - Accounting, Auditing, Taxes and Personal Liabilities Maritime Law Course | Crowe Malaysia PLT International Malaysian Society of Maritime Law |
| | Marine Incident Investigation Tax Issues of SME Designated Person Ashore | OMT Standard Sdn Bhd Malaysia Institute of Account Centre OF MARITIME EXCELLENCE (CME) |
| FYE 2023 | Maritime Law & Business Conference 2023 | International Malaysian Society of Maritime Law |
| | Safety Day Engagement | Shell |
| | Occupational Safety & Health (Amendment) Act 2022 | Uni Training Academy Sdn Bhd |
| | Diversity, Equity & Inclusion: Central Tenets Of The Modern Workforce | Uni Training Academy Sdn Bhd |
| | Marine Safety Intelligence System | PETRONAS |
| | Vessel Insurance Workshop | State Insurance Broker |
| | MPRC Industry Engagement Series: Energy Transition In Asia | MPRC |
| | Navigating The E-Invoice Evolution And Maximizing Opportunities With SVDP 2.0 | Crowe |
| | Monsoon ZIZA X 2023 | PETRONAS |
| | Understanding Of Quality, Health, Safety And Environmental Management System (OHSEMS) Training | SNR Consultants |
| | The Path To Excellence: Leadership, Performance & Inclusion | Arbinger (Malaysia) Sdn Bhd |

6. INFORMATION ON OUR GROUP (Cont'd)**Seminars, events and exhibitions**

We have participated in the following seminars, event and exhibitions:

| | Seminar/Event/Exhibition | Description | Organiser |
|--------------|---|--|--|
| FYE 2020 | Business Talk: Maritime Fund 2.0 by Bank Pembangunan Malaysia Berhad | Discussion on the Maritime Fund 2.0 | Malaysia Shipowners' Association |
| | KDJ Law Conference 2020 | Conference to understand the new Malaysia Anti-Corruption Act, recent amendments to laws relating to employment Malaysia; anticipated changes to the Personal Data Protection Act, and laws on liquidated Damages | KDJ Law |
| | Marine Contractors Forum 2020 | Forum was via a virtual dissemination of the contents as the physical forum could not be held by PCSB due to COVID-19. The contents are in relation to the performance and expectations of the industry for marine contractors | PCSB |
| FYE 2022 | HASiL – CTIM Tax Forum 2022 | This tax education programme aims to provide a platform for the dissemination and discussion of latest issues on taxation between the tax authorities and tax professionals | Lembaga Hasil Dalam Negeri Malaysia and Chartered Tax Institute of Malaysia |
| | Oil & Gas Asia x Malaysia Oil & Gas Services Exhibition and Conference and Petrochemicals Sustainability Conference | Energy professionals from across the globe will gather in Kuala Lumpur at one of the most comprehensive industry events supporting the Oil, Gas, Energy, and Petrochemicals industry in Southeast Asia | Informa Markets, Malaysian Oil & Gas Services Council and Malaysian Petrochemicals Association |
| FPE Sep 2023 | Day of the Seafarer 2023 | This event serves as a platform for networking, expanding our presence in the maritime industry and an opportunity for aspiring seafarers to connect with our team to explore available positions. | 1. Ministry of Transport Malaysia 2. Malaysia Marine Department |
| | Monash Career & Internship Fair 2023 | Our goals for participating in the career fair are to increase our visibility and our presence while also seeking to recruit talented interns and fresh graduates. | BT Business Consultancy |
| | Sunway University GetHired Career Fair 2023 | | Talentbank Sdn Bhd |

Our Group did not participate in seminar/event/exhibition in 2021 in view of the COVID-19 pandemic. We resumed such participation in 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

6.21 MAJOR CUSTOMERS

Our customers comprise PCSB, PACs, oil and gas contractors and offshore support vessel owners. These customers fall under the upstream oil and gas industry. Our top 5 major customers for each of the past FYEs and FPE Sep 2023 are as follows:

FYE 2020

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FYE 2020 | | Length of relationship as at the LPD |
|------------------|---|----------|--|--|----------------------------------|--------------|--------------------------------------|
| | | | | | RM'000 | % | Years |
| 1. | PCSB | Malaysia | Oil and gas exploration and production | Chartering, catering and VSAT services | 21,023 | 27.9 | 6 |
| 2. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 14,052 | 18.7 | 9 |
| 3. | Shapadu Energy Services Sdn Bhd | Malaysia | Oil and gas contractor | Chartering, catering and VSAT services | 11,020 | 14.6 | 1 |
| 4. | Bumi Armada Navigation Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 10,045 | 13.4 | 3 |
| 5. | Dayang Enterprise Group ⁽²⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 8,077 | 10.7 | 5 |
| Sub-total | | | | | 64,217 | 85.3 | |
| Total | | | | | 75,231 | 100.0 | |

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2021

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FYE 2021 | | Length of relationship as at the LPD |
|------------------|---|----------------|--|--|---|--------------|---|
| | | | | | RM'000 | % | Years |
| 1. | PCSB | Malaysia | Oil and gas exploration and production | Chartering, catering and VSAT services | 39,233 | 28.1 | 6 |
| 2. | Dayang Enterprise Group ⁽²⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 20,308 | 14.5 | 5 |
| 3. | Sapura Pinewell Sdn Bhd | Malaysia | Oil and gas contractor | Chartering, catering and VSAT services | 17,735 | 12.7 | 1 |
| 4. | Bumi Armada Navigation Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 11,762 | 8.4 | 3 |
| 5. | PTTEP Sarawak Oil Limited | Malaysia | PAC | Chartering, catering and VSAT services | 9,266 | 6.6 | 3 |
| Sub-total | | | | | 98,304 | 70.3 | |
| Total | | | | | 139,756 | 100.0 | |

FYE 2022

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FYE 2022 | | Length of relationship as at the LPD | |
|------------|-----------------------------|-----------------------|--|--|---|----------|---|---|
| | | | | | RM'000 | % | Years | |
| 1. | PCSB | Malaysia | Oil and gas exploration and production | Chartering, catering and VSAT services | 86,870 | 36.8 | 6 | |
| 2. | Malaysia Production Sdn Bhd | Deepwater Contractors | Malaysia | Oil and gas contractor | Chartering, catering and VSAT services | 30,766 | 13.0 | 3 |

6. INFORMATION ON OUR GROUP (Cont'd)

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FYE 2022 | | Length of relationship as at the LPD Years |
|------------------|--|----------|--|--|----------------------------------|--------------|---|
| | | | | | RM'000 | % | |
| 3. | Dayang Enterprise Group ⁽²⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 26,782 | 11.4 | 5 |
| 4. | Helms Geomarine Sdn Bhd | Malaysia | Geotechnical service contractor | Chartering and catering services | 20,326 | 8.6 | 4 |
| 5. | Tanjung Offshore Services Sdn Bhd | Malaysia | Oil and gas contractor | Chartering and catering services | 13,274 | 5.6 | 3 |
| Sub-total | | | | | 178,018 | 75.4 | |
| Total | | | | | 236,204 | 100.0 | |

FPE Sep 2023

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FPE Sep 2023 | | Length of relationship as at the LPD Years |
|-----|---|----------|--|--|--------------------------------------|------|---|
| | | | | | RM'000 | % | |
| 1. | PCSB | Malaysia | Oil and gas exploration and production | Chartering, catering and VSAT services | 179,537 | 57.7 | 6 |
| 2. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Chartering, catering and VSAT services | 23,850 | 7.7 | 9 |
| 3. | Malaysia Deepwater Production Contractors Sdn Bhd | Malaysia | Oil and gas contractor | Chartering, catering and VSAT services | 23,258 | 7.5 | 3 |
| 4. | Helms Geomarine Sdn Bhd | Malaysia | Geotechnical service contractor | Chartering and catering services | 13,297 | 4.3 | 4 |

6. INFORMATION ON OUR GROUP (Cont'd)

| No. | Customer | Country | Business activities | Services rendered | Revenue contribution in FPE Sep 2023 | | Length of relationship as at the LPD |
|------------------|-------------------------|----------|------------------------|----------------------------------|--------------------------------------|--------------|--------------------------------------|
| | | | | | RM'000 | % | Years |
| 5. | Perdana Nautika Sdn Bhd | Malaysia | Oil and gas contractor | Chartering and catering services | 9,752 | 3.1 | 2 |
| Sub-total | | | | | 249,694 | 80.3 | |
| Total | | | | | 310,918 | 100.0 | |

Notes:

- (1) These customers are involved in the chartering of offshore support vessels and have chartered accommodation vessels from us, which they charter out to their customers. They are also our suppliers who have supplied their accommodation vessels to us, which we charter out to our customers.
- (2) Including DESB Marine Services Sdn Bhd and Dayang Enterprise Sdn Bhd, both are subsidiaries of Dayang Enterprise Holdings Berhad. We do not have any long-term arrangement with this group of customers.

Due to the nature of our Group's business, which is on a contract basis, the Chartering Contracts secured from any given customer may contribute a significant portion to our Group's annual revenue for a given year. As such, the top 5 customers that contribute to our Group's revenue generally changes on an annual basis.

PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue. We believe that PCSB will continue to contribute substantially to our Group's revenue in the foreseeable future as we have been actively tendering and have secured various Chartering Contracts from PCSB. The increase in revenue contributed by PCSB in FPE Sep 2023 was due to the increase in number of Chartering Contracts secured from PCSB in FPE Sep 2023, as well as increase in DCR and number of chartered days as explained in Section 11.2.3.1. In FPE Sep 2023, we had secured and undertaken 10 Chartering Contracts from PCSB, as compared to 5 Chartering Contracts in FYE 2022. The number of Chartering Contracts secured from any one of our customers, including PCSB, may differ from year to year and may not recur in subsequent financial years. As such, we are dependent on PCSB. In the event that our Group loses PCSB as our customer, we will have to secure Chartering Contracts from other customers to replace such revenue loss, as stated in Section 6.7.2. Should we fail to replace such revenue loss, it will have a material adverse financial impact to our Group. We are not dependent on any other major customer.

In respect of our top 5 major customers, only the revenue from PCSB and PTTEP Sarawak Oil Limited were secured as a result of and dependent upon the PETRONAS licence and the respective Umbrella Contracts with PCSB and PTTEP.

6. INFORMATION ON OUR GROUP (Cont'd)

6.22 MAJOR SUPPLIERS

Our suppliers comprise third party offshore support vessel owners as well as suppliers of equipment, spare parts, food and beverage provisions and manpower, among others. Our top 5 suppliers for each of the past FYEs and FPE Sep 2023 are as follows:

FYE 2020

| No. | Supplier | Country | Business activities | Products/Services sourced | Value of purchases in FYE 2020 | | Length of relationship as at the LPD |
|------------------|---|----------|---|------------------------------|--------------------------------|--------------|--------------------------------------|
| | | | | | RM'000 | (1)% | Years |
| 1. | Bumi Armada Navigation Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 22,005 | 48.4 | 3 |
| 2. | Permata Trans Offshore Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 13,039 | 28.7 | 5 |
| 3. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 3,884 | 8.6 | 5 |
| 4. | Zafran Engineering Services Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 1,790 | 3.9 | 2 |
| 5. | Fu Sheng Group ⁽²⁾ | Malaysia | Supplier of food and daily use provisions for offshore vessel usage | Food and beverage provisions | 1,584 | 3.5 | 7 |
| Sub-total | | | | | 42,302 | 93.1 | |
| Total | | | | | 45,425 | 100.0 | |

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2021

| No. | Supplier | Country | Business activities | Products/Services sourced | Value of purchases in FYE 2021 | | Length of relationship as at the LPD |
|------------------|--|----------------|--|----------------------------------|---------------------------------------|--------------|---|
| | | | | | RM'000 | (1)% | Years |
| 1. | Permata Trans Offshore Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 13,562 | 18.1 | 5 |
| 2. | Lautan Semesta Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 8,696 | 11.6 | 1 |
| 3. | Khas Jejaka Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 7,431 | 9.9 | 4 |
| 4. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 7,341 | 9.8 | 5 |
| 5. | Two Offshore Marine Sdn Bhd | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 6,197 | 8.3 | 1 |
| Sub-total | | | | | 43,227 | 57.7 | |
| Total | | | | | 74,889 | 100.0 | |

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6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2022

| No. | Supplier | Country | Business activities | Products/Services sourced | Value of purchases in FYE 2022 | | Length of relationship as at the LPD |
|------------------|--|----------------|---|----------------------------------|---------------------------------------|--------------|---|
| | | | | | RM'000 | (1)% | Years |
| 1. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 17,616 | 17.7 | 5 |
| 2. | Dynamic Navigation Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 7,905 | 7.9 | 4 |
| 3. | Azulite Bloom Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 7,521 | 7.5 | 2 |
| 4. | Databayu Group ⁽³⁾ | Malaysia | Provision of crew and catering services | Food and beverage provisions | 6,301 | 6.3 | 7 |
| 5. | Fu Sheng Group ⁽²⁾ | Malaysia | Supplier of food and daily use provisions for offshore vessel usage | Food and beverage provisions | 4,234 | 4.3 | 7 |
| Sub-total | | | | | 43,577 | 43.7 | |
| Total | | | | | 99,747 | 100.0 | |

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6. INFORMATION ON OUR GROUP (Cont'd)

FPE Sep 2023

| No. | Supplier | Country | Business activities | Products/Services sourced | Value of purchases in FPE Sep 2023 | | Length of relationship as at the LPD |
|------------------|--|----------|--|------------------------------|------------------------------------|--------------|--------------------------------------|
| | | | | | RM'000 | (1)% | Years |
| 1. | Petra Resources Sdn Bhd ⁽¹⁾ | Malaysia | Oil and gas contractor and offshore support vessel owner | Third party AWBs | 30,570 | 25.7 | 5 |
| 2. | Databayu Group ⁽³⁾ | Malaysia | Provision of crew and catering services | Food and beverage provisions | 12,122 | 10.2 | 7 |
| 3. | Dynamic Navigation Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 7,674 | 6.4 | 4 |
| 4. | Sea Steel Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 7,020 | 5.9 | 3 |
| 5. | Azulite Bloom Sdn Bhd | Malaysia | Offshore support vessel owner | Third party AWBs | 4,138 | 3.5 | 2 |
| Sub-total | | | | | 61,524 | 51.7 | |
| Total | | | | | 119,091 | 100.0 | |

Notes:

- (1) These suppliers are involved in the chartering of offshore support vessels and have supplied their accommodation vessels to us, which we charter out to our customers. They are also our customers who have chartered accommodation vessels from us, which they charter out to their customers.
- (2) Including Fu Sheng Enterprise and Fu Sheng Offshore Supply Sdn Bhd.
- (3) Including Databayu Catering Sdn Bhd and Databayu Enterprise Sdn Bhd.

For FYEs and FPE Sep Under Review, third party chartering (including third party catering costs) form a major part of our purchases, amounting to 73.4% in FYE 2020, 50.3% in FYE 2021, 30.1% in FYE 2022 and 34.0% in FPE Sep 2023 respectively. The remaining purchases mainly comprise of food and beverage provisions for catering services, rental of equipment and VSAT services.

6. INFORMATION ON OUR GROUP (Cont'd)

We do not have any long-term arrangements with our major suppliers save for the bareboat chartering contracts with Sea Steel Sdn Bhd to charter Daya Indah Satu and Daya Ceria for a period of 1 year with an extension option of another year respectively.

During the past FYEs and FPEs, we have not experienced any material supply disruptions or delays by our major suppliers. We are not dependent on any single supplier due to the following:

- (i) Over the last few years, our growth trajectory has been driven by the expansion of the fleet of our own vessels which allows us to reduce our reliance on third party AWBs;
- (ii) We have established a network of vessel owners which allows us to be able to access and secure available vessels that meet customers' requirements within the timeframe required; and
- (iii) Aside from Sea Steel Sdn Bhd, we do not have any long-term arrangements or contracts with any of our other major suppliers.

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7. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 29 February 2024

The Board of Directors
KEYFIELD INTERNATIONAL BERHAD
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia.

Dear Sirs,

Independent Market Research (“IMR”) Report on the Accommodation Vessel Chartering Market in Malaysia, particularly on the Accommodation Work Boat (“AWB”) Chartering Market in Malaysia in relation to the Listing of KEYFIELD INTERNATIONAL BERHAD (referred to as “the Company”)

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Accommodation Vessel Chartering Market in Malaysia, particularly on the AWB Chartering Market in Malaysia for inclusion in the Prospectus of the Company.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and may not necessarily reflect the performance of individual companies in the industry. It also does not purport to be exhaustive.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without prior express written consent from PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim', with a long horizontal flourish extending to the right.

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



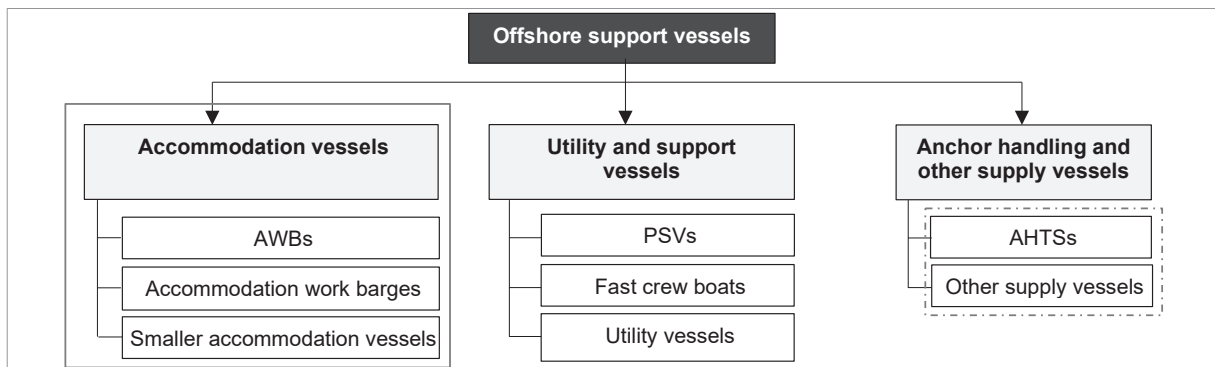
Keyfield International Berhad and its subsidiaries (collectively referred to as “**Keyfield Group**”) are principally involved in the chartering of own and third-party accommodation vessels and provision of related onboard services such as accommodation, catering, housekeeping, laundry and medical support services. As at January 2024, Keyfield Group owns 11 accommodation vessels, of which 8 are AWBs, 2 are smaller accommodation vessels and 1 is an accommodation work barge. As such, this IMR report focuses on **The AWB Chartering Market in Malaysia**. This IMR report also covers an **Overview of The Accommodation Work Barge and Anchor Handling Tug Supply (“AHTS”) and Platform Supply Vessel (“PSV”) Chartering Market in Malaysia** as Keyfield Group is presently involved in the chartering of accommodation work barge and intends to expand into the AHTS and PSV chartering market in Malaysia. In addition, the IMR covers an **Overview of The Upstream Oil and Gas Industry in Malaysia** as this is the key end-user industry to the AWB Chartering Market in Malaysia.

1 OVERVIEW OF OFFSHORE SUPPORT VESSELS AND ACCOMMODATION VESSELS

Offshore support vessels comprise all ships, boats and barges which are specially designed to perform specific offshore operational activities for the upstream oil and gas industry.

There are generally 3 categories of offshore support vessels, i.e.:

- (i) **Accommodation vessels** – mainly include AWBs and accommodation work barges, which are used to provide accommodation and onboard amenities, as well as to transport cargoes, fuel and fresh water, offshore equipment and materials that are used onboard the accommodation vessels, and in carrying out offshore oil and gas activities. Some smaller vessels, i.e. utility and support vessels and anchor handling and other supply vessels may also be utilised as accommodation vessels;
- (ii) **Utility and support vessels** – include PSVs, fast crew boats and utility vessels, which are used to transport large volumes of provisions, cargoes and equipment to/from offshore oil and gas platforms, as well as transport offshore personnel and crew members; and
- (iii) **Anchor handling and other supply vessels** – include AHTSs and other supply vessels, which are used for towing rigs and vessels to a location, and mooring and unmooring of vessels.



Notes:

- (i) denotes the main segment in which Keyfield Group is principally involved
- (ii) denotes the segment in which Keyfield Group intends to expand
- (iii) The abovementioned list of offshore support vessels may not be exhaustive

Source: PROVIDENCE

Keyfield Group is principally involved in the chartering of accommodation vessels, particularly AWBs, and provision of onboard services.

Uses of offshore support vessels in the upstream oil and gas industry

In general, a typical offshore oilfield project will undergo the following stages:

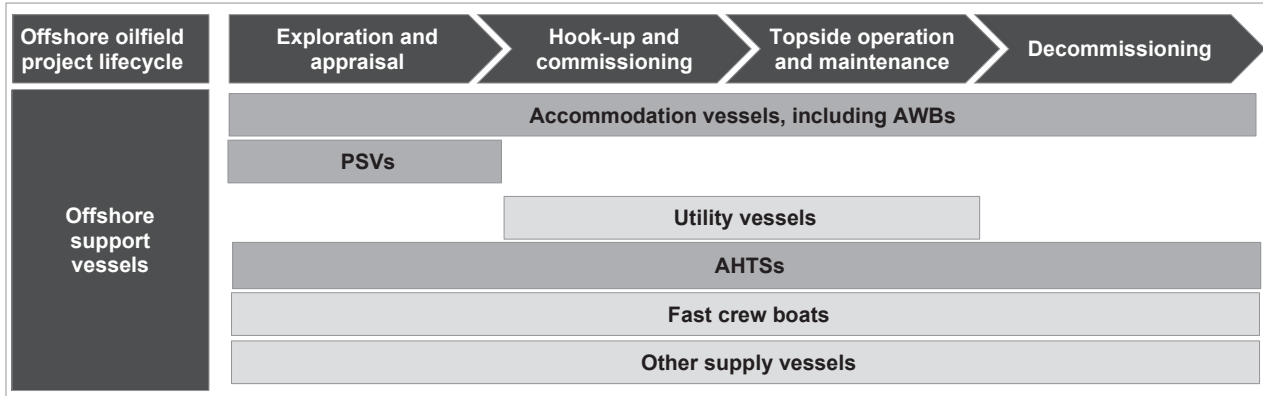
- (i) **Exploration and appraisal** – The lifecycle of an oilfield project typically begins with this stage where offshore oil and gas platforms are constructed at identified sites and drilling operations are performed to seek and map oil and gas reserves;
- (ii) **Hook-up and commissioning** – Once it has been determined that the identified site is viable, offshore oil and gas platforms undergo major modifications in order to accommodate the full topside operation process. Satellite offshore oil and gas platforms surrounding the main offshore oil and gas platform may also be constructed;
- (iii) **Topside operation and maintenance, and well services** – During this stage, the offshore oil and gas platform is in constant operation so that crude oil/ natural gas can be extracted from the oilfield site, and equipment and infrastructure have to consistently undergo periodic maintenance. Well services are also performed to remove sludge from the wells and related piping; and

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



(iv) **Decommissioning** – Once it is no longer cost-effective to extract from the oilfield site as the oil and gas reserves at the oilfield site are too low, the oilfield site is decommissioned and returned to its original state.

As the purposes of the abovementioned offshore support vessels are different, these offshore support vessels are typically used in different stages of an offshore oilfield project lifecycle, as seen below:



Notes:

- (i) The abovementioned chart refers to the stages where the particular type of vessel is typically hired
- (ii) denotes the type of vessels that Keyfield Group presently charters and intends to charter

Source: PROVIDENCE

Accommodation vessels, including AWBs, are generally required throughout the entire lifecycle of an offshore oilfield project, to provide accommodation and onboard amenities as well as to transport cargoes, fuel and fresh water, offshore equipment and materials. AHTSs are also required throughout the entire lifecycle of an offshore oilfield project as AHTSs are used to tow rigs and vessels to a location, and moor and unmoor vessels. PSVs are used to transport and store equipment and consumables to the offshore oil and gas platforms and are most needed at the exploration and appraisal stage.

Fast crew boats are typically used to transport offshore personnel and crew members while supply vessels are used to transport supplies and personnel to and from the offshore oil and gas platforms. Meanwhile, utility vessels are used to transport provisions, cargoes and equipment as well as transport offshore personnel.

Although the primary purpose of AWBs and accommodation work barges are similar, AWBs differ from accommodation work barges based on the following key features:

| AWB | Accommodation work barge | Description on differences in features |
|--|--|--|
| Self-propelled | Not self-propelled | (i) AWBs do not need to be towed using anchor handling vessels and as such, chartering an AWB would cost less for the petroleum arrangement contractors (“PACs”) and/or their contractors, as compared to chartering both accommodation work barge and anchor handling vessels; and (ii) In the case of unpredictable conditions (such as weather), AWBs can be pulled off from the platform due to their self-propelling feature and hence the safety of the offshore oil and gas platforms will be protected, as opposed to accommodation work barges which would need to be towed. |
| Sufficient accommodation facilities for 239 persons-on-board or less | Sufficient accommodation facilities for more than 240 persons-on-board | AWBs will be more cost-effective to hire throughout the entire lifecycle for offshore oilfield projects which only require accommodation facilities for less than 240 persons-on-board throughout the entire offshore oilfield project stages. |
| Workable deck space of less than 1,000 square metres (“sqm”) | More than 1,000 sqm of workable deck space | Accommodation work barges will be more suitable for charterers that require a larger workable deck space to store offshore equipment and materials, and for offshore personnel to perform minor fabrication works. |

As such, AWBs and accommodation work barges have different features and thus, cater for different types of chartering contracts in terms of number of persons-on-board. It is also important to note that smaller accommodation vessels are typically other types of smaller vessels (such as AHTS, PSV or supply vessels) that have been converted to enable accommodation and onboard amenities. Thus, the market size for the chartering of smaller accommodation vessel cannot be determined.

As Keyfield Group is principally involved in the chartering of accommodation vessels, particularly AWBs, in Malaysia, this IMR report will focus on the AWB chartering market in Malaysia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

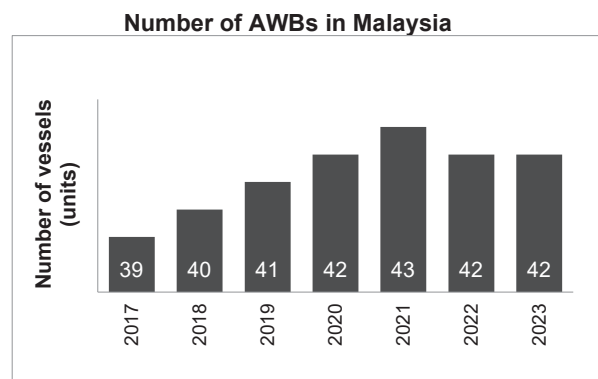
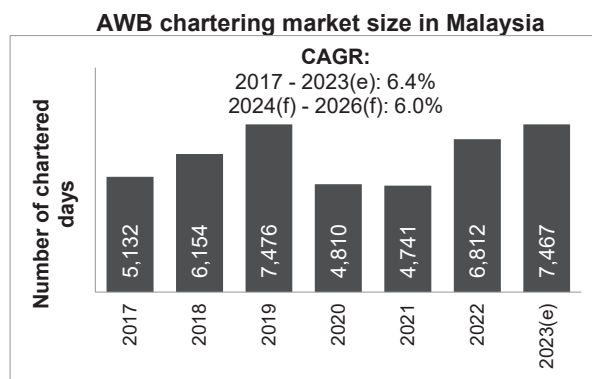


2 THE AWB CHARTERING MARKET IN MALAYSIA

MARKET SIZE, PERFORMANCE AND GROWTH

As at January 2024, there were 42 Malaysian-flagged AWBs registered with the Marine Department Malaysia and the average age of these AWBs was 10 years.¹ All of these AWBs are chartered and used by PACs' main contractors and/or other offshore vessel support owners. Although there are AWB owners and charterers which own foreign-flagged AWBs, the foreign-flagged AWBs rarely operate in Malaysian waters.

As such, the AWB chartering market size in Malaysia can be measured based on the total number of days per annum that Malaysian-flagged AWBs are chartered. This takes into account the number of days the Malaysian-flagged AWBs were not chartered and/or underwent annual inspection by the respective IACS and special surveys (including dry docking activities), and scheduled maintenance.



Notes:

- (i) Market size is based on number of chartered days of Malaysian-flagged AWBs registered with the Marine Department Malaysia
- (ii) (e) – estimate. The latest publicly available information for 2023 is an estimate, and is subject to changes

Note:

- (i) The above AWBs refer to Malaysian-flagged AWBs registered with the Marine Department Malaysia

Source: Marine Department Malaysia, PROVIDENCE

Source: Marine Department Malaysia, Vessels Value database, PROVIDENCE

The growth of the AWB chartering market size in Malaysia generally correlates with average crude oil prices, as the capital expenditure of PACs on explorations on and commissioning of new offshore oil and gas platforms is influenced by crude oil prices.

In tandem with the growth in Brent crude oil prices and capital expenditure of PACs in Malaysia (as elaborated in Chapter 4 of this IMR report) between 2017 and 2019 of 7.4% and 17.6% respectively, the AWB chartering market size in Malaysia illustrated a healthy compound annual growth rate (“CAGR”) of 20.7% during the period. The AWB chartering market size in Malaysia grew, in terms of total number of chartered days, from 5,132 days per annum in 2017 to 7,476 days per annum in 2019. As a result of the Coronavirus Disease 2019 (“COVID-19”) pandemic which resulted in operational disruptions, the AWB chartering market size in Malaysia declined to 4,810 days per annum in 2020 and 4,741 days per annum in 2021. The operational disruptions were caused by postponements of offshore oilfield projects for exploration, operation and maintenance, and well services particularly in 2020 and 2021 as standard operating procedures were put in place to curb the pandemic and occurrences of COVID-19 incidences. This was in line with a fall in Brent crude oil prices of 33.9% between 2019 and 2020, and a decline in capital expenditures by PACs in Malaysia of 36.2% between 2019 and 2021. Nevertheless, as Brent crude oil prices and PAC’s capital expenditures in Malaysia grew significantly between 2021 and 2022 by 41.8% and 64.3% respectively, the AWB chartering market size in Malaysia grew by 43.7% between 2021 and 2022, to 6,812 days per annum in 2022. This growth was in line with the industry’s recovery from the impact of the slowdown of oil and gas activities due to the COVID-19 pandemic. Although Brent crude oil prices was falling in 2023 due to less global demand as compared to in 2021, the PAC’s capital expenditures in Malaysia continued to grow. Between Q3 2022 and Q3 2023, the PAC’s capital expenditure grew from RM27.4 billion to RM34.3 billion.² As a result, the AWB chartering market size is estimated to grow by 9.6% between 2022 and 2023, to reach 7,467 days in 2023. Overall, the AWB chartering market size registered an estimated CAGR of 6.4% between 2017 and 2023.

¹ Source: Marine Department Malaysia.

² Source: PETRONAS Group Financial Results Announcement Q3 2023

7. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*



Moving forward, PROVIDENCE forecasts that the AWB chartering market size in Malaysia will register a CAGR of 6.0% between 2024 and 2026, from an estimated 8,212 days per annum in 2024 to 9,220 days per annum in 2026.³

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Constant demand for oil and gas will continuously require offshore personnel to undertake production, maintenance and repair activities on active offshore oil and gas platforms, thereby creating constant demand for AWBs

There is constant demand for oil and gas as oil and gas products are used in various sectors such as transportation fuel, industrial fuel, for electricity generation as well as in the production of fertilisers, pesticides, and a wide range of industrial products including plastics and polymers, textiles, paints and dyes. Between 2010 and 2022, the global demand for crude oil increased from 31.6 billion barrels to 35.5 billion barrels, whereas the global demand for natural gas increased from 2,718,002 kilotonnes of oil equivalent (“ktoe”) to 3,389,518 ktoe.⁴ In Malaysia, the demand for crude oil and condensates grew from 24.4 million barrels in 2010 to 25.3 million barrels in 2020, while demand for natural gas grew from 6,254 ktoe to 16,631 ktoe over the same period.⁵

As there is constant demand for oil and gas products, offshore oilfield activities are continuous throughout the entire lifecycle of an offshore project to produce oil and gas products, even during periods where Petroliaam Nasional Berhad (“PETRONAS”) and PACs cut back on capital expenditure to perform exploration and appraisal, and hook-up and commissioning of new offshore oil and gas platforms. Active offshore oil and gas platforms require constant maintenance, repair and upgrade works to maintain the offshore oil and gas platform’s optimal operational efficiency and productivity. More manpower is typically required during this stage and thus, AWBs will be required to provide safe and comfortable accommodation for these offshore personnel during these stages.

For instance, although lower volumes of oil and gas products were consumed in 2020 as many businesses were halted or restricted from operating due to the national lockdown policies implemented to curb the COVID-19 pandemic, existing offshore oil and gas platforms were still in production to meet existing demand, although there was generally less exploration, hook-up and commissioning activities for new offshore oil and gas platforms. As offshore personnel are still required to operate and maintain these active offshore oil and gas platforms, there was demand for AWBs to provide accommodation for these offshore personnel. The Russia-Ukraine war has led to a shortage in crude oil supply which has caused a rise in crude oil prices. This could result in increased offshore oilfield activities in other parts of the world (such as in Southeast Asia) to fulfil the supply-demand gap, which would benefit the AWB chartering market in Malaysia.

Lower number of AWBs relative to the number of active offshore oil and gas platforms in Malaysia indicates potential for growth for the AWB chartering market

As at December 2022, there were 451 active offshore oil and gas platforms in Malaysia.⁶ In comparison, as at January 2024, there were 42 registered Malaysian-flagged AWBs in Malaysia, which is significantly lower than the number of active offshore oil and gas platforms in the country. Although 1 AWB may provide accommodation for offshore personnel working on several offshore oil and gas platforms situated adjacent to one another, the number of AWBs is significantly lower than the number of offshore oil and gas platforms.

Major offshore oil and gas platforms typically have lodging facilities that can house offshore personnel, while surrounding satellite offshore oil and gas platforms do not have lodging facilities. Despite this, these lodging facilities on major offshore oil and gas platforms may not be sufficient to accommodate all of the offshore personnel working on the platform and satellite offshore oil and gas platforms. Thus, this indicates potential for growth of the AWB chartering market in Malaysia as more AWBs will need to be chartered to support these active offshore oil and gas platforms in Malaysia.

Benefits of AWBs will support the AWB chartering market

AWBs can provide accommodation and various onboard amenities and services for offshore personnel as well as transport cargoes, fuel, fresh water, food provisions, equipment, pipes and spare parts. As AWBs are positioned within close proximity to the offshore oil and gas platform or connected to the offshore oil and gas platform via a gangway (which is a passageway between the AWBs and the offshore oil and gas platform), time taken for offshore personnel to travel to the offshore oil and gas platform will be reduced. AWBs thus provide the advantage of maximising working time and increasing operational efficiency.

Furthermore, AWBs also have cranes to lift and transport heavy equipment and pipes to/from the offshore oil and gas platform, large workable deck space for storage of equipment, pipes and spare parts, large fuel tank for use onboard the AWBs and to supply to other offshore support vessels, and fresh water generator and sanitiser. These equipment and facilities are crucial in enabling offshore personnel to carry out various offshore oilfield activities. Having these

³ PROVIDENCE’s growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends.

⁴ Source: BP Plc and Energy Institute.

⁵ Source: Energy Commission of Malaysia. Latest publicly available information is as at 2020.

⁶ Source: PETRONAS Integrated Report 2022.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



equipment and facilities onboard also reduces the number of AWBs needed to transport and store fuel, fresh water, equipment, pipes and spare parts and thus, this will reduce costs.

As PACs and main contractors are more aware of the abovementioned benefits which AWBs offer in terms of cost and operational efficiencies, this will continue to support the growth of AWB chartering market.

Younger and advanced AWBs will lead to an increase in utilisation of AWBs

Younger AWBs are typically equipped with modern accommodation, facilities and amenities and equipment which comply with the latest requirements by PETRONAS, PACs and regulators such as the International Labour Organisation (ILO), International Maritime Organisation (IMO) and International Association of Classification Societies (IACS) (such as Bureau Veritas (BV), Registro Italiano Navale (RINA) and American Bureau of Shipping (ABS)). This increases the appeal of chartering younger AWBs compared to older AWBs.

Under all PACs' tender requirement, an AWB shall be not more than 25 years old, subject to the vessel having undergone a major refurbishment upon reaching 15 years. In addition, PETRONAS had also announced in March 2021 that it has opened tender for new offshore support vessels (such as utility and support vessels, and anchor handling and other supply vessels) to replace the existing fleet of offshore support vessels of which 60.0% are at least 11 years old.⁷ The newly opened tender suggests that PETRONAS also favours younger offshore support vessels.

Furthermore, younger AWBs have lower maintenance and operating costs as they tend to have less occurrences of breakdowns and are also more fuel-efficient. This would lead to lower operating costs as compared to older AWBs. Lower occurrences of breakdowns will also increase the utilisation of younger AWBs as there will be less downtime.

AWBs which are equipped with newer dynamic positioning ("DP") systems, namely DP2 or DP3 systems, can operate in deepwater environments which have harsher weather conditions. AWBs equipped with DP2 or DP3 systems can also operate over seabeds which are congested (typically with oil and gas piping) as these vessels do not need anchors to be moored. This allows AWBs equipped with DP2 or DP3 systems to operate in different types of offshore oilfield sites as compared to AWBs using 4-point mooring systems which are more suitable for shallow waters.

Long-term growth in number of offshore oil and gas platforms will create demand for AWBs

As of December 2022, there are 451 active offshore oil and gas platforms, an increase compared to 353 active offshore oil and gas platforms as of March 2018.⁸ According to PETRONAS, within 2024, there will be at least 11 new structural installations on existing oil and gas development projects, with another 14 oil and gas development projects under review (refer to **Chapter 4 – The Upstream Oil and Gas Industry in Malaysia** for further details).⁹ The commissioning of these additional offshore oil and gas platforms will require more offshore personnel to be placed at these offshore oilfield sites, thus creating increased demand for AWBs. Furthermore, PETRONAS announced that they are expecting to double their number of ships fuelled by liquified natural gas ("LNG") from 400 vessels to over 1,000 vessels, further depicting the positive future prospects of the oil and gas industry in Malaysia.¹⁰

Although the growth in explorations, appraisals, installations and commissioning of new offshore oil and gas platforms was hampered in 2020 as a result of the COVID-19 pandemic, these offshore oilfield activities have resumed since 2022. The long-term growth in number of offshore oil and gas platforms is expected to create demand for AWBs in the future, thus benefiting the AWB chartering market in Malaysia.

Despite the increase in number of offshore oil and gas platforms, approximately 56.0% of Malaysia's active offshore oil and gas platforms are operating beyond their design life and 18.0% have been operating for over 40 years.¹¹ This could lead to an increase in decommissioning of offshore oil and gas platforms in the future. Decommissioning of offshore oil and gas platforms involves the plugging of wells and severing of well casings, cleaning and removing of pipes, and removal of offshore oil platforms to ensure that there are no debris or potential obstructions. It is a complex process that could take between 2 and 10 years to complete. As AWBs are also required during the decommissioning of offshore oil and gas platforms, this also poses an opportunity for the AWB chartering market in Malaysia.

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of AWBs to carry out the provision of chartering services

Typically, active AWBs in Malaysia are owned and/or operated by Malaysia-owned or -operated companies. This is due to the PETRONAS approved license requirements for offshore support vessel services, as well as Malaysia cabotage policy under Section 65KA of the Merchant Shipping Ordinance 1952, as elaborated below. As at January 2024, there are 42 Malaysian-flagged AWBs that are registered with the Marine Department Malaysia. Both the PETRONAS licence and Malaysia cabotage policy also serve as a barrier to entry for potential new entrants and limit the participation of overseas companies.

⁷ Source: Theedgemarkets.com (15 February 2021). "Petronas invites bids for building of 16 OSVs".

⁸ Source: PETRONAS Integrated Report 2022. Latest publicly available information is as at 2022.

⁹ Source: PETRONAS Activity Outlook 2024-2026.

¹⁰ Source: The Star (9 September 2020). "LNG-fuelled tankers to more than double by 2030 – Petronas exec".

¹¹ Source: PETRONAS Activity Outlook 2021-2023.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Availability of labour to carry out the provision of AWB chartering services

AWBs will be staffed with crew members to operate AWBs, provide housekeeping and cleaning services, repair and maintenance works (to ensure that the AWBs are in optimal operational conditions), catering services and medical support services. Access to crew members with relevant experience, expertise and qualifications to carry out these tasks are crucial in the provision of AWB chartering. To meet the charterer's requirements, these crew members must also pass the necessary medical examinations (by the Marine Department Malaysia and PACs) and basic offshore safety induction and emergency training (BOSIET) course. Some of these crew members are also required to hold a valid Certificate of Competency qualification to prove that they are qualified to undertake their assigned tasks.

PRODUCT / SERVICE SUBSTITUTION AND RELIANCE AND VULNERABILITY TO IMPORTS

AWBs may be substituted with onshore accommodation or lodging facilities on main offshore oil and gas platforms. Onshore accommodations are typically located further away from the offshore oil and gas platform, thus increasing travel time to and from the offshore oil and gas platform which may be further affected by bad or extreme weather conditions. As a result, daily working hours are reduced, contributing to lower operational efficiency. Meanwhile, lodging facilities on offshore oil and gas platforms may not be sufficient to accommodate all of the offshore personnel working on the platform and surrounding / connecting offshore oil and gas platforms. Also, these lodging facilities typically are not able to accommodate all offshore personnel involved during certain offshore oilfield stages where more manpower is required such as during topside maintenance and repair.

KEY LAWS AND REGULATIONS

Petroleum Development Act 1974

Under the Petroleum Development Act 1974, PETRONAS is conferred the entire ownership and rights for exploration and production of Malaysia's petroleum resources. This Act also allows PETRONAS to issue licenses to any contractors to commence and continue any business or service pertaining to petroleum activities. Companies intending to participate in tenders given by PETRONAS must apply for and obtain license from PETRONAS. As the provision of AWB chartering services fall under offshore support vessel services, AWB owners are required to obtain a license from PETRONAS.

Cabotage policy

The cabotage policy in Malaysia was introduced in 1980, when the Merchant Shipping Ordinance 1952 was amended and the Domestic Shipping Licence Board was established. This policy prohibits non-Malaysian ships from engaging in domestic shipping activities (which refers to the use of vessels to provide services (other than fishing); or the shipment of passenger or goods within Malaysia or from Malaysia to the exclusive economic zone). Foreign vessels are only permitted to carry on domestic shipping activities in Malaysia if no Malaysian-owned vessels are able to meet the needs of the oil and gas industry in Malaysia.

This policy protects Malaysian-owned companies involved in domestic shipping. Thus, Malaysian-owned AWB providing chartering services for personnel working on offshore oil and gas platforms in Malaysia waters are given priority over foreign AWBs.

COMPETITIVE OVERVIEW

The AWB chartering market comprises companies that are involved in the provision of chartering of AWBs.

PROVIDENCE has identified 14 industry players on the basis that they:

- are involved in chartering of AWBs in Malaysia to serve the upstream oil and gas industry; and
- own at least 1 AWB that is registered with the Marine Department Malaysia (Malaysian-flagged).

Some of these industry players may also be involved, or have related companies that are involved in the chartering of accommodation work barges. Although some companies may utilise other smaller vessels such as AHTSs or PSVs as accommodation vessels, it is difficult to determine the usage of such vessels as accommodation vessels. As such, this is not disclosed in the IMR report. These identified industry players⁽ⁱ⁾⁽ⁱⁱ⁾ are as detailed below:

| Company name | Number of AWBs | Number of accommodation barges | Average age of AWBs as at 2023 ⁽ⁱⁱⁱ⁾ | Owns and operates other types of offshore support vessel / Involved in other businesses | Latest financial year end | Revenue (RM '000) | Profit After Tax (RM '000) |
|--|----------------|--------------------------------|---|---|---------------------------|-------------------------|----------------------------|
| Ajang Shipping Sdn Bhd | 3 | - | 15 | - | N/A ^(iv) | N/A ^(iv) | N/A ^(iv) |
| Subsidiaries of Alam Maritim Resources Berhad^(v) | | | | | | | |
| Alam Maritim (M) Sdn Bhd | 2 | 2 | 15 | ✓ | 30 June 2023 | 60,343 ^(vii) | 20,109 ^(vii) |

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

| | | | | | | | |
|--|-------------------------|----------|----------|----------|----------------------------------|---------------------------|------------------------------|
| Alam Radiance (L) Inc | | | | | N/A ^(x) | N/A ^(x) | N/A ^(x) |
| Subsidiary of Carimin Petroleum Berhad^(v) Carimin Marine Services Sdn Bhd | 1 | - | 8 | ✓ | 30 June 2023 | 45,117 ^(vii) | 7,411 ^(vii) |
| Subsidiaries of Dayang Enterprise Holdings Berhad^(v) | | | | | | | |
| DESB Marine Services Sdn Bhd | 8 | - | 13 | ✓ | 31 December 2022 | 100,365 ^(vii) | 12,153 ^(vii) |
| Perdana Petroleum Berhad ^(v) | | 5 | | ✓ | 31 December 2022 | 169,313 ^(viii) | 11,385 ^(vii) |
| Subsidiary of Icon Offshore Berhad^(v) Icon Ship Management Sdn Bhd | 2 | - | 9 | ✓ | 31 December 2022 ^(vi) | 112,251 ^(vii) | (52,917) ^(vii) |
| Keyfield Group | 8^(ix) | 1 | 6 | - | 31 December 2022 | 236,204 | 49,851 |
| Subsidiary of Muhibbah Engineering (M) Berhad^(v) Khas Jejaka Sdn Bhd | 1 | - | 13 | ✓ | 31 December 2022 ^(vi) | 13,050 ^(vii) | 824 ^(vii) |
| Michlyn Express Offshore (L) Berhad | 1 | - | 1 | - | N/A ^(x) | N/A ^(x) | N/A ^(x) |
| Subsidiaries of Petra Energy Berhad^(v) | | | | | | | |
| Petra Resources Sdn Bhd | 4 | 3 | 12 | ✓ | 31 December 2022 ^(vi) | 218,525 ^(vii) | (219) ^(vii) |
| Petra Marine Sdn Bhd | | | | | 31 December 2022 ^(vi) | 104,516 ^(vii) | 10,159 ^(vii) |
| PJZ Marine Services Sdn Bhd | 1 | - | 10 | - | 30 June 2020 ^(vi) | 0 | (8,602) |
| Pristine Offshore Sdn Bhd | 2 | - | 9 | - | 31 December 2022 ^(vi) | 4,435 | (166) |
| Sapura Energy Berhad ^(v) | 3 | 1 | 9 | ✓ | 31 January 2023 | 192,308 ^(viii) | (3,175,527) ^(vii) |
| Subsidiaries of Shapadu Corporation Sdn Bhd | | | | | | | |
| Shapadu Marine Pte Ltd | 2 | - | 8 | ✓ | N/A ^(x) | N/A ^(x) | N/A ^(x) |
| Shapadu Teguh Pte Ltd | | | | | N/A ^(x) | N/A ^(x) | N/A ^(x) |
| Subsidiaries of Nam Cheong Limited^(v) | | | | | | | |
| SKOSV Sdn Bhd | 5 | 2 | 8 | ✓ | 31 December 2022 | 357,157 ^(vii) | 4,574 ^(vii) |
| SKOM Sdn Bhd | | | | | 31 December 2022 ^(vi) | 275,987 ^(vii) | 13,195 ^(vii) |

Notes:

- (i) The list contains information based on publicly disclosed information on 20 February 2024
- (ii) The list comprises AWBs that are registered with the Marine Department Malaysia
- (iii) Average age of AWBs for each industry player was calculated based on the total age of all vessels and number of vessels the industry player has
- (iv) Ajang Shipping Sdn Bhd is presently a private exempt company and financial information cannot be obtained
- (v) The company is a public listed company or subsidiary of a public listed company
- (vi) The latest financial year end of the company is based on the latest publicly available financial information extracted from the Companies Commission of Malaysia, and may not be the latest financial year end for the company
- (vii) Financial information may include information from businesses not related to AWB chartering and related services
- (viii) Segmental revenue information from offshore support vessel chartering, which may include revenues from chartering of other types of vessels not related to AWB and related services

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- (ix) Includes Grace, Lestari, Compassion, Commander, IMS Aman, Falcon, Laguna Setia 1 and Laguna Setia 2. Does not include smaller accommodation vessels which are AHTS and PSV used for accommodation vessel chartering, i.e. Kindness and Helms 1.
- (x) Alam Radiance (L) Inc, Michlyn Express Offshore (L) Berhad, Shapadu Marine Pte Ltd and Shapadu Teguh Pte Ltd are based in Labuan and thus, the financial information of these companies are not publicly available.

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

Market share

Based on the number of chartered days of AWBs that Keyfield Group owns and bareboat charters (where the AWB owner/disponent owner provides the AWB to Keyfield Group on a bareboat charter basis and Keyfield Group sources, recruits and manages all of the required crew members as well as sources for additional services and equipment, otherwise termed as Category 1) of the AWB chartering market size in Malaysia (which is measured by total number of days per annum Malaysian-flagged AWBs were chartered), Keyfield Group garnered the following market share:

| Year | Total number of days per annum Malaysian-flagged AWBs were chartered | AWBs owned or bareboat chartered by Keyfield Group ⁽ⁱ⁾⁽ⁱⁱ⁾ | |
|---------|--|---|------------------|
| | | Total number of chartered days | Market share (%) |
| 2021 | 4,741 | 766 | 16.2 |
| 2022 | 6,812 | 1,367 | 20.1 |
| 2023(e) | 7,467 | 1,769 | 23.7 |

Notes:

- (i) Excludes own and third-party vessels which are not AWBs, i.e. smaller accommodation vessels and accommodation work barges.
- (ii) Keyfield Group's market share was based on the number of chartered days of AWBs that the Group owns and bareboat charters as these are the number of chartered days where Keyfield Group fully undertakes the provision of onboard services such as accommodation, catering, housekeeping, laundry and medical support services as well as ship management services.

Source: Vessels Value database, Keyfield Group, PROVIDENCE

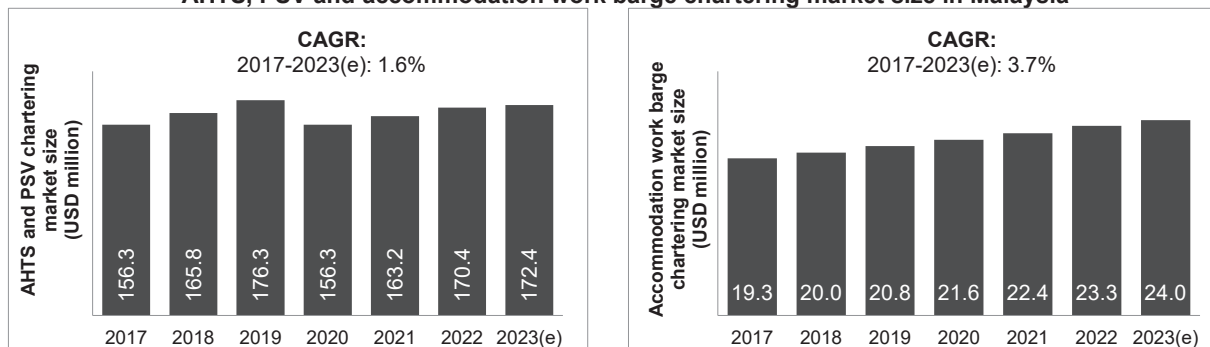
3 OVERVIEW OF THE ACCOMMODATION WORK BARGE, AHTS AND PSV CHARTERING MARKET IN MALAYSIA

An AHTS is a type of offshore support vessel which is used to tow rigs and vessels to a location, as well as to moor or unmoor vessels. The characteristics of an AHTS are that it has tugs and anchors, specially-designed crane(s) (otherwise known as winch(es)), to be attached to the rigs or vessels, and a powerful bollard pull compared to other vessels for the purpose of towing rigs and vessels. Meanwhile, PSVs are used to transport and store equipment and consumables to the offshore oil and gas platforms. PSVs typically have a large open deck area for storing, loading and offloading of supplies and equipment.

Accommodation work barge is a type of offshore support vessel which is used to provide accommodation for crew members working at an offshore oil and gas platform. As such, accommodation work barges have sufficient accommodation facilities for more than 240 persons-on-board and onboard amenities such as laundrette services and entertainment services.

Between 2017 and 2023, the AHTS and PSV chartering market in Malaysia saw an overall growth, from an estimated USD156.3 million (RM672.2 million¹²) to an estimated USD172.4 million (RM787.1 million¹²), at a CAGR of 1.6%. Over

AHTS, PSV and accommodation work barge chartering market size in Malaysia



Note: (e) – estimate. The latest publicly available information for 2023 is an estimate, and is subject to changes

Source: PROVIDENCE

¹² Source: Currency conversion from USD to RM is based on the average annual exchange rates published by Bank Negara Malaysia:
 For 2017: USD1 = RM4.3008
 For 2023, 2024 and 2025: USD1 = RM4.5653

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



the same period, the accommodation work barge market in Malaysia saw an overall growth, from USD19.3 million (RM83.0 million¹²) to an estimated USD24.0 million (RM109.8 million¹²), at a CAGR of 3.7%. The growth of the AHTS, PSV and accommodation work barge chartering markets from 2017 to 2023 has been mainly driven by the growth in capital expenditure of PACs from RM44.5 billion in 2017 to RM50.1 billion in 2022¹³, which was in line with the increase in crude oil prices over the period (as illustrated in **Chapter 4 – The Upstream Oil and Gas Industry in Malaysia**).

Moving forward, PROVIDENCE forecasts the AHTS and PSV chartering market size in Malaysia to grow from USD174.5 million (RM796.6 million¹²) in 2024 to USD179.7 million (RM820.6 million¹²) in 2026, registering a CAGR of 1.5%, while the accommodation work barge market to grow, from USD24.8 million (RM113.3 million¹²) to an estimated USD26.6 million (RM121.6 million¹²), at a CAGR of 3.6%.¹⁴

4 THE UPSTREAM OIL AND GAS INDUSTRY IN MALAYSIA

This chapter aims to assess the upstream oil and gas industry in Malaysia which is a key market Keyfield Group presently serves.

The upstream oil and gas industry refers to the exploration and production activities of crude oil and natural gas.

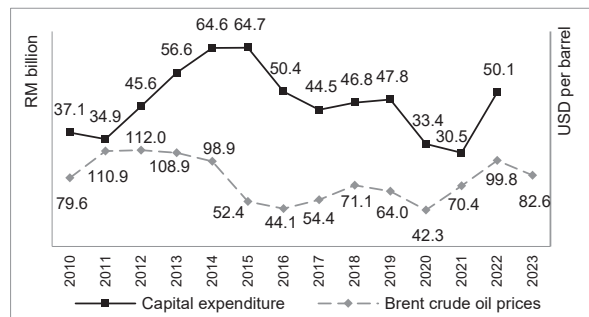
Crude oil and natural gas are products obtained from oilfield sites. Oilfield sites can be discovered offshore or onshore. Oil and gas are considered important resources globally as they are used as transportation fuel, industrial fuel, for electricity generation, as well as in the production of fertilisers, pesticides, and a wide range of industrial products including plastics and polymers, textiles, paints and dyes. As such, the oil and gas industry plays an important role in driving the global economy.

In Malaysia, the oil and gas reserves remained stable between 2010 and 2020. Malaysia's reserves of crude oil and condensates hovered between 4.5 billion barrels and 6.0 billion barrels, while reserves of natural gas in the country hovered between 75.3 trillion cubic feet ("ft³") and 100.7 trillion ft³. The production of crude oil and condensates in Malaysia was also stable as it hovered between 203.4 million barrels and 243.4 million barrels. Meanwhile, the production of natural gas in Malaysia grew slightly between 2010 to 2020 from 71,543 ktoe to 72,579 ktoe.¹⁵

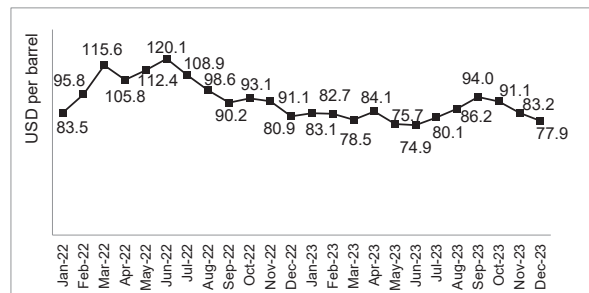
The capital expenditure of PACs is an indicator of the outlook of the upstream oil and gas industry. The PACs' capital expenditure determines the number of new explorations and commissioning of new offshore oil and gas platforms. This is because capital expenditure is influenced by crude oil prices, where falling crude oil prices typically result in capital expenditure reductions. Between 2010 and 2017, the average price of Brent crude oil decreased from USD79.6 per barrel to USD54.4 per barrel. The average price of Brent crude oil witnessed a sharp drop from USD98.9 per barrel in 2014 to USD52.4 per barrel in 2015, due to the strong USD and an oversupply of oil, which was exacerbated by the Organization of the Petroleum Exporting Countries' ("OPEC") stand on retaining production volume and the anticipation of Iran's return to the oil markets. The global oil market remained oversupplied in 2016, with crude oil prices further falling. As a result of the falling crude oil prices, there was a reduction in capital expenditure for the oil and gas upstream industry. Project deferment and reprioritisation measures were also taken, thus resulting in operating expenditure and manpower rationalisation exercises as oil and gas companies sought to maintain profitability. PETRONAS' capital expenditure increased from RM37.1 billion in 2010 to RM64.7 billion in 2015, but declined in 2016 to RM50.4 billion, then further declined to RM44.5 billion in 2017. In 2017, the average price of Brent crude oil increased to USD54.4 per barrel partly due to OPEC's decision to cut oil and gas output. The indication of an oil price recovery, led to renewed investment interest in upstream development works, where PETRONAS cautiously increased its capital expenditure to RM46.8 billion in 2018. In the following year, despite an increase in development projects in Malaysia, PETRONAS still remained cautious by allowing a slight increase of its capital expenditure to RM47.8 billion in the year.

Crude oil prices dropped significantly in 2020, recording an average of USD42.3 per barrel in the year. This was largely due to the COVID-19 pandemic which affected demand for crude oil and caused storage spaces to be limited during

Global average annual crude oil price and capital expenditure in Malaysia



Global average monthly crude oil price



Source: PETRONAS annual reports, International Monetary Fund

¹³ Source: PETRONAS annual reports. Latest publicly available information is as at December 2022.

¹⁴ PROVIDENCE's growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends.

¹⁵ Source: Energy Commission of Malaysia. Latest available data as at 2020.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



the period. As a result, crude oil that could not be sold immediately to buyers had to be offloaded at lower prices due to storage limitations. Nevertheless, as the global economies gradually recovered from the COVID-19 pandemic, more businesses resumed operations leading to a growth in consumption of oil. Since then, crude oil prices continued to rise to an average of USD70.4 per barrel in 2021 in line with the growth in consumption of crude oil.

As a result of the Russia-Ukraine war, Brent crude oil prices reached an average of USD120.1 per barrel in June 2022. The increase in crude oil prices was largely due to a shortage in crude oil in Europe as Russia is one of the world's largest producers of crude oil. Crude oil prices fell from July 2022 onwards due to lower demand for crude oil due to the "zero COVID" policy that was implemented in several major cities in China which led to restrictions in business activities and consequently lower demand for crude oil from China as well as tightening monetary policies in the United States which has led to reduced demand for all products, including crude oil from the country. Crude oil prices continued to fall in 2023, recording an average of USD82.6 per barrel in 2023, due to lower demand globally, particularly from the United States and China. Despite the fall in average Brent crude oil prices in 2023, the PAC's capital expenditures in Malaysia continued to grow, indicating increased demand for offshore support vessels and accommodation vessels to cater for explorations on and commissioning of new offshore oil and gas platforms. Between Q3 2022 and Q3 2023, the PAC's capital expenditure grew from RM27.4 billion to RM34.3 billion.¹⁶

As of December 2021, there are 100 active PACs in Malaysia.¹⁷ Overall, the number of active offshore oil and gas platforms in Malaysia grew from 353 as of March 2018 to 451 as of December 2022.¹⁸ According to PETRONAS, in 2024, 99 wells are planned to be drilled under their Development, Appraisal and Exploration drilling programme. In addition, there will be 11 new structural installations on existing oil and gas development projects including Gansar, SF30, Bekok (Module), Timi (Module), F22, F27, Selasih, F6 VLAP, Rosmari-Marjoram, Kasawari CCS and Jerun CPP, and another 14 oil and gas development projects under review. Further, PETRONAS also plans to charter 28 rigs in 2024, compared to 24 rigs in 2023. Additionally, offshore support vessels are expected to improve in 2024, as 397 of them are expected to be chartered, a rise compared to 337 in 2023.¹⁹ In 2022, PETRONAS has also signed a memorandum of understanding with Sabah Oil & Gas Development Corporation to build Sabah's first largest near-shore floating LNG facility. The facility is estimated to cost RM8.8 billion and is expected to be able to process minimum 2 million tonnes per year of LNG. Upon completion of the LNG facilities, PETRONAS' LNG production from floating LNG plants from 2.7 million tonnes per year to 4.7 million tonnes per year.²⁰

PETRONAS estimates that its capital investment allocation over the next 5 years, i.e. between 2023 to 2027, is expected to be RM300.0 billion, which is 43% higher than the capital investment in the last 5 years i.e. between 2018 to 2022, of RM208.5 billion.¹⁸ This is mainly as a result of scaling up investments in its core business of oil and gas in greenfield and brownfield oil and gas projects, investing in lowering emissions to reduce methane emissions from its natural gas operations by 50% by 2025 and limit operational greenhouse emissions to 49.5 million tonnes of carbon dioxide equivalent, as well as investing in new businesses that are sustainable such as renewable energy (such as solar and wind energy), hydrogen and biofuels.¹⁸

5 PROSPECTS AND OUTLOOK FOR KEYFIELD GROUP

The AWB chartering market in Malaysia has been growing at a CAGR of 6.4% between 2017 and 2023. Although the AWB chartering market in Malaysia has been growing at a CAGR of 20.7% between 2017 and 2019, the local AWB chartering market experienced a fall in market size due to the COVID-19 pandemic between 2020 and 2021. Nevertheless, the AWB chartering market size in Malaysia recovered and grew by 43.7% between 2021 and 2022. Moving forward, PROVIDENCE forecasts the AWB chartering market size in Malaysia to register a CAGR of 6.0% between 2024 and 2026. This is in line with the anticipated growth in the local upstream oil and gas industry, wherein PETRONAS estimates an increase in capital investment allocation from 2023 to 2027 years of 43% as compared to the last 5 years, i.e. 2018 to 2022.

As a key industry player in the AWB chartering market in Malaysia, Keyfield Group stands to benefit from the positive outlook of the AWB chartering market in Malaysia, which will be driven by the local upstream oil and gas industry. In this respect, the Group stands to benefit from the expansion of its fleet of vessels, as it will be able to capture the continuous demand from the local upstream oil and gas industry. In addition, the Group's plans to enhance its vessels' features and capabilities to reduce greenhouse gas emissions and/or be more environmentally sustainable are expected to further strengthen its position in securing new chartering contracts. This is because PETRONAS and PACs are increasingly making conscientious efforts to reduce carbon emissions and be more environmentally sustainable. In particular, PETRONAS has announced its intention to achieve net zero carbon emissions by 2050 and has been implementing initiatives to reduce greenhouse gas emissions and embark on new growth opportunities that are sustainable including renewable energy (such as solar and wind energy), hydrogen and biofuels. Keyfield Group also stands to benefit from the growing accommodation work barge chartering market in Malaysia as it has 1 accommodation work barge, as well as the continuous demand for AHTS and PSV chartering in Malaysia as the Group intends to expand into these markets.

¹⁶ Source: PETRONAS Group Financial Results Announcement Q3 2023

¹⁷ Source: PETRONAS Integrated Report 2022. Latest publicly available information is as at December 2021.

¹⁸ Source: PETRONAS Integrated Report 2022.

¹⁹ Source: PETRONAS Activity Outlook 2024-2026.

²⁰ Source: Energy Voice; 25 April 2022.

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

8.1.1 We are dependent on the PETRONAS licence and the Umbrella Contract with PCSB

In order to be eligible to be a panel contractor and/or participate in tenders issued by PCSB, PACs and oil and gas contractors, we must have a valid PETRONAS licence issued by the PETRONAS and meet the SWEC Code requirements for the services which we render to our customers. Such requirements are stated in Section 6.13.

Keyfield Offshore currently possesses PETRONAS licence with the following SWEC Codes:

| | SWEC Code | Date first obtained | Expiry date |
|-------|---|----------------------------|--------------------|
| (i) | 21121510S - The provision of Accommodation Work/Construction Boat/Barge, Non-propelled Accommodation/Construction/Barge | 26 June 2018 | 25 June 2027 |
| (ii) | 21121511S - The provision of Anchor Handling Tug (AHT)/Anchor Handling Tug & Supply (AHTS)/Tow Tug Boat | 28 December 2022 | 25 June 2027 |
| (iii) | 21121518S - The provision of Platform Supply Vessel (PSV) | 16 November 2022 | 25 June 2027 |
| (iv) | 21121519S - The provision of Safety Standby/ General Purpose/ Utility Vessel | 16 November 2022 | 25 June 2027 |

The PETRONAS licence serves as a pre-requisite for Keyfield Offshore to be invited to be a panel contractor with PCSB and PACs, in respect of a specific SWEC Code. It also allows us to be invited to bid for projects by oil and gas contractors. We are dependent on the PETRONAS licence due to this pre-requisite requirement.

The Umbrella Contract with PCSB denotes that PCSB has conveyed the award of a panel contractor to Keyfield Offshore for the provision of accommodation vessel chartering and its related services for the duration of the contract. With the Umbrella Contract with PCSB, we will be invited by PCSB to participate in a tender bidding process in order to secure a Chartering Contract, as and when required.

For the past 3 FYEs and FPE Sep 2023, we have entered into Chartering Contracts with PCSB and 9 PACs, which we earned revenue from. The percentage of our revenue which were contributed by the Chartering Contracts in the past FYEs from PCSB, PACs as well as oil and gas contractors were as follows:

| Period | PCSB | PACs | Oil and gas contractors | Total |
|---------------|-------------|-------------|--------------------------------|--------------|
| | % | % | % | % |
| FYE 2020 | 27.9 | 4.1 | 64.2 | 96.2 |
| FYE 2021 | 28.1 | 8.8 | 56.5 | 93.4 |
| FYE 2022 | 36.8 | 7.9 | 53.5 | 98.2 |
| FPE Sep 2023 | 57.7 | 9.8 | 25.5 | 93.0 |

8. RISK FACTORS (Cont'd)

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

The Umbrella Contract with PCSB may be subject to unilateral termination should we fail to perform a material obligation as required and/or occurrence of any other events for which PCSB has an express right of termination of the Umbrella Contract. For the past FYEs, FPE Sep and up to the LPD, our Group did not fail in performing any such material obligation.

In addition, notwithstanding the invitation to participate in the tender bidding process, there is no guarantee that PCSB will select and engage us among the other service providers who have been awarded the Umbrella Contracts. As a result, there can be no assurance that we will continue to secure Chartering Contracts from PCSB in the future.

The duration of our Umbrella Contract with PCSB is as follows:

- (i) Initial term of 3 years commencing on 26 April 2019, which was the effective date as stated in the Umbrella Contract with PCSB. Such initial term has since concluded on 25 April 2022.
- (ii) Extension term of 2 years upon the conclusion of the initial term for which we have been granted vide a letter from PCSB dated 18 April 2022. The Umbrella Contract with PCSB will expire on 25 April 2024 (date inclusive).

In April 2023, Keyfield Offshore received an invitation to bid from PCSB to tender for the Panel Contractor Contract (PCC) for Offshore Support Vessel (OSV) Services for Petroleum Arrangement Contractors (PACs) in respect of the SWEC Codes which we currently possess. Our PETRONAS licence is a pre-requisite for us to receive such invitation and to be awarded the LOA for the PCC. The PCC will replace the Umbrella Contract upon its expiry in April 2024. As such, we will also be dependent on the PCC should it be awarded to Keyfield Offshore.

In May 2023, Keyfield Offshore submitted the required proposal to PCSB in accordance with the terms of the bid and we are currently awaiting the outcome of the PCC tender as at the LPD. Should Keyfield Offshore be successful in such tender, a Letter of Award will be issued to Keyfield Offshore for the appointment of Keyfield Offshore as a panel contractor to PCSB and the PACs.

In the event that we lose our PETRONAS licence and/or our tender for PCC is not successful, we will lose PCSB, PACs as well as oil and gas contractors as our customers and consequently lose a significant portion of our revenue as we will no longer be invited to bid for new Chartering Contracts and this will have a material adverse financial impact to our Group. Nevertheless, we may continue to carry out existing Chartering Contracts with PCSB, PACs, oil and gas contractors and offshore support vessel owners as our PETRONAS licence is a pre-requisite only at the bidding for contract stage for oil and gas contractors, and our Chartering Contracts do not provide for any termination due to the loss of our PETRONAS licence.

8. RISK FACTORS (Cont'd)

8.1.2 We depend on PCSB as it constitutes a large proportion of our revenue, and the loss of PCSB could adversely impact our financial and business performance

PCSB is our single largest customer for FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, contributing between 27.9% to 57.7% of our Group's revenue. We believe that PCSB will continue to contribute substantially to our Group's revenue in the foreseeable future as we have been actively tendering and have secured various Chartering Contracts from PCSB.

The loss of PCSB will have a material adverse impact on our business, financial condition, operations and prospects if we are not able to secure replacement Chartering Contracts from other customers to cushion such impact in the respective year.

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

When our own vessels and our bareboat chartered vessels are not chartered by any charterer (referred to as off-hire days / period), we incur daily operational costs on our own vessels and our bareboat chartered vessels, such as daily crew cost, berthing fees and marine gas oil.

During the off-hire period, the location of our vessels is as follows:

| Duration of off-hire period | Location of our vessels | Costs to be incurred⁽²⁾ |
|------------------------------------|--|---|
| Less than one month | Anchorage area ⁽¹⁾ of various ports in Malaysia, such as Labuan and Kemaman anchorage areas | Daily costs between RM15,000 to RM20,000 comprising crew cost (15 to 20 crew members) and marine gas oil. The vessel's engine will be shut off while the generators will be kept running |
| More than one month | Berthed at shipyard or port | Daily costs between RM5,000 to RM10,000 comprising crew costs (8 to 10 crew members) and berthing fees. Marine gas oil costs are not incurred. The vessel's engine and generators will be shut off |

Notes:

⁽¹⁾ An anchorage area is a designated location typically 3 to 5 kilometres away from the shore, where ships and vessels can anchor safely and remain stationary.

⁽²⁾ In respect of Daya Indah Satu and Daya Ceria, we will also incur bareboat DCR during the off-hire period, as disclosed in Section 8.1.14.

8. RISK FACTORS (Cont'd)

The table below shows the average off-hire period for our own vessels and bareboat chartered vessels, and the total off-hire costs incurred by our Group:

| | ⁽¹⁾ Average off-hire period per vessel (days) | ⁽²⁾ Total off-hire costs (RM'million) |
|--------------|---|---|
| FYE 2020 | 95 | 1.0 |
| FYE 2021 | 127 | 5.2 |
| FYE 2022 | 111 | 10.6 |
| FPE Sep 2022 | 65 | 8.5 |
| FPE Sep 2023 | 37 | 5.7 |

Notes:

(1)

$$\text{Average off-hire period (days)} = \frac{\text{Total available charter days per year} - \text{Number of chartered days}}{\text{Number of own and bareboat chartered vessels}}$$

(2) These costs have been included as part of our cost of sales for the respective FYEs and FPE Sep Under Review, under the categories of 'own crew costs' and 'vessel operation and maintenance cost'. The total off-hire costs increased from FYE 2020 to FYE 2022 in tandem with the increase in number of own vessels and bareboat chartered vessels. Meanwhile, the total off-hire costs in FPE Sep 2023 was lower than FPE Sep 2022 due to the lower average off-hire period per vessel.

Such daily operational costs have a direct impact on our financial results, especially since the vessels do not generate any income during such off-hire period.

In the event where vessels will not be chartered for a period of time above one month, we will berth the vessels at a shipyard or port, which will allow us to save on marine gas oil costs as we are able to use shore electricity supply to power our vessels, as well as to reduce the daily crew costs. Further, we endeavour to plan our scheduled repairs and maintenance work for our own vessels and our bareboat chartered vessels, including dry-docking, during the off-hire period to enable us to save on berthing fees.

However, there is no guarantee that we will be able to carry out such cost-saving measures effectively and as such, any prolonged off-hire period for our vessels will have a material adverse effect on our financial results.

8.1.4 A majority of our Chartering Contracts are short-term in nature and may be subject to delays, and/or termination by our customers without compensation

(i) Short-term in nature

Generally, works outsourced by PCSB, PACs, oil and gas contractors or offshore support vessel owners to external service providers will be done on a tender or negotiated basis. The tender or negotiation processes typically lasts between 30 days and 45 days. The charter period for our own and third party vessels are generally short-term ranging from 1 to 8 months, of which some of our Chartering Contracts contain options to extend the charter term at the option of our customers.

8. RISK FACTORS (Cont'd)

We have, nevertheless, secured the following Chartering Contracts which are longer term in nature, i.e. lasting 1 year or more:

- (a) A Chartering Contract with a PAC for the charter of Blooming Wisdom, for a period of 3 years until end of 2026. This Chartering Contract will commence in April 2024;
 - (b) A Chartering Contract with an oil and gas contractor for the charter of Kindness, for a period of 3 years plus extension option of another two years. This Chartering Contract commenced in May 2023;
 - (c) A Chartering Contract with an oil and gas contractor for the charter of Nadira, a third party vessel, for a period of 3 years plus extension of another two years. This Chartering Contract commenced in September 2023; and
 - (d) A Chartering Contract with an oil and gas contractor for the charter of Helms 1, for a period of 3 years plus extension option of another two years. This Chartering Contract is expected to commence in May 2024.
- (ii) Subject to delays

As our other Chartering Contracts are not on a long-term basis, there is no assurance that we will be able to consistently secure new Chartering Contracts through tender or negotiation processes nor our customers will continue to engage our services upon the completion of our existing Chartering Contracts.

After obtaining the LOA from the customer, we typically hold various meetings between our Group and our customers to determine the commencement date of the Chartering Contract. However, we are subject to risks of delays or postponement in the commencement of the Chartering Contract due to unforeseen circumstances or a delay requested by our customers during this period. The vessel will have to remain idle if we cannot secure another Chartering Contract in time, or if the time period between the original commencement date and postponed commencement date is too short to undertake another Chartering Contract. Furthermore, there is no provision for any compensation clause in our Chartering Contracts with our customers, should there be a delay in the commencement date as there is also no penalty clause imposed on us should the cause of the delay be attributed to us.

As there is no provision for any compensation clause in our Chartering Contracts, any delays could result in a loss of business opportunity for us, consequently resulting in a loss in potential revenue for us. For the FYEs and FPE Sep Under Review, we had faced delays in the commencement of our Chartering Contract as a result of COVID-19 induced delays as detailed in Section 6.7.4, which resulted in a loss of revenue of approximately RM2.5 million and additional cost of approximately RM0.5 million. It should be noted that notwithstanding a delay in the Chartering Contract, the total number of days to be chartered usually remains unchanged and thus, will not materially affect the potential revenue to be obtained from the Chartering Contract.

8. RISK FACTORS (Cont'd)

In respect of the Chartering Contracts with third party vessel owners/disponent owners, there is also no provision for any compensation clause should there be a delay in the commencement date. In addition, the DCR to be paid to third party vessel owners/disponent owners will only commence upon the signing of the on-hire certificate for the third party vessel. As the on-hire certificate for the third party vessel is signed upon commencement of the Chartering Contract, we will not be paying for the DCR to the third party vessel owner/disponent owner until the Chartering Contract commences and thus, any delays in commencement of the Chartering Contract will not result in us incurring higher cost.

(iii) Termination without compensation

After the Chartering Contract is secured, these Chartering Contracts may also be subject to termination due to various reasons, depending on the clauses presented in the said contract. These reasons may include, amongst others, requisition or confiscation of the vessel or vessel flag by an authority, bankruptcy, loss or missing vessel, vessel breakdowns or equipment failure, force majeure events, and any other breaches of our obligations under the Chartering Contract. The Chartering Contract may also be subject to unilateral termination by the customer, which may or may not result in a compensation sum payable to us, depending on our negotiation with our customer, which is a practice used in our industry.

In respect of Chartering Contracts utilising our own vessels, there is a risk of loss of potential income to our Group should the Chartering Contract be terminated with no or insufficient compensation sum allocated to us, and we are unable to re-deploy our vessels for other Chartering Contracts. In cases where third party vessels are utilised, we typically do not incur any costs as we mirror the respective termination clauses with those contained in the Chartering Contracts between us and our customer, in the chartering contracts between us and our supplier.

In FYE 2020, a Chartering Contract was unilaterally terminated by our customer, without providing any reason nor any compensations paid to us. We had terminated the Chartering Contracts with the respective third party vessel owner/ disponent owner at the same time and thus, we did not incur any costs in chartering the third party vessel after the contract were terminated. As a result of early termination of our Chartering Contract mentioned above, we were not able to record net charter income of RM0.5 million for the remaining period of the Chartering Contract.

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

Our business is subject to disruptions caused by outbreak of diseases, including the COVID-19 pandemic.

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. Our Group serves the oil and gas sector, which is one of the essential sectors exempted from the MCO. As such, after obtaining confirmation on 23 March 2020 from PCSB that oil and gas sector is an essential sector, our Group had continued to operate during the MCO period with adherence to the standard operating procedures as set by the Government of Malaysia.

8. RISK FACTORS (Cont'd)

Nevertheless, our Group experience adverse effects from the COVID-19 pandemic and the MCO, as detailed below:

- (i) In respect of Chartering Contracts (including third party vessels) which had been awarded but yet to commence, there was a delay in the commencement date during the MCO period. In the initial months of MCO (between 18 March 2020 and 4 May 2020), some of our Chartering Contracts were deferred. These delays resulted in a corresponding deferment in recognising revenue from the Chartering Contracts and a loss in number of days available for charter during the year. As a result, this led to a loss of 60 chartered days, translating to a loss of revenue of approximately RM5.0 million. There were no material costs incurred by us due to these delays as we were able to deploy our accommodation vessels for other Chartering Contracts during the MCO period which minimised any financial impact;
- (ii) With the COVID-19 pandemic, various SOPs set by the relevant ministries and/or government agencies were imposed since the MCO was implemented on 18 March 2020. Challenges faced by our Group as a result of these SOPs include the following:
 - (a) Challenges in obtaining various services due to closure of business premises, as well as movement of our crew due to the cancellation/ rescheduling of flights, before signing on for vessel on-hire could take place;
 - (b) Challenges and delays for our customers to obtain the necessary parts and materials and for their crew to commence their maintenance/service works, thereby resulting in a delay in vessel on-hire and a delay in the commencement of DCRs being charged by our Group to our customers;
 - (c) Our crews are required to be quarantined for the stipulated period by relevant authorities on land before signing on to, and after signing off from, the vessels which we are operating, to ensure that they are COVID-19 negative and the costs associated with such quarantine periods are borne by our Group;
 - (d) Our Group is required to arrange for COVID-19 tests for our crews at clinics approved by Kementerian Kesihatan Malaysia (KKM) prior to signing on to and after signing off from the vessels which we operate, at our cost; and
 - (e) All the necessary personnel protective equipment and related consumables required to be used under the SOPs are required to be maintained by our Group at all times, to ensure our state of preparedness for the new norm.

The above challenges have resulted in our Group facing a more challenging business operating environment and additional costs incurred in complying with SOPs introduced by the authorities. Since the implementation of the first MCO till the LPD, in compliance with the COVID-19 SOPs enforced by the relevant authorities, our Group incurred costs amounting to RM0.1 million, consisting of quarantine cost and swab tests for our crew members who were employed by us to fulfil our Chartering Contracts. The amounts above do not include costs of a similar nature for which we were reimbursed by our customers.

As our Group operates in the oil and gas industry which is one of the essential sectors, we were allowed to continue our operations during subsequent MCOs (implemented during 2021). However, there were various operational challenges which needed to be met, including:

8. RISK FACTORS (Cont'd)

- (i) Travel restrictions for our customers' offshore personnel and our crew members to offshore locations which delayed the chartering of our vessels, and quarantine requirement prior to signing on to our vessels; and
- (ii) Delays in project implementation by our customers due to, among others, shutdown of production facilities which affected the timeline for them to mobilise the materials required for their projects.

There is no assurance that the outbreak of COVID-19 pandemic or any other diseases in Malaysia can be effectively controlled, or that another outbreak of COVID-19 pandemic or other diseases will not happen in the future. Other outbreak or pandemics may materialise in the future and could persist for a substantial period, and this may materially and adversely affect our business operations and financial performance.

Additional details on interruptions to our business operations are set out in Section 6.7.4.

8.1.6 We are operating in a highly regulated industry and we require a series of approvals, licences, permits, registrations and certificates to operate our business

Our Group requires a series of approvals, licences, permits, registrations and certificates to operate our businesses. Additionally, we are operating in a highly regulated industry whereby we are required to comply with the requirements of laws, regulations, rules and directives from relevant authorities, the non-compliance of which could result in substantial civil and criminal penalties which in turn may also result in the termination of all our contracts with our customers.

There were no incidences of any penalties for non-compliance or non-compliance with the terms and conditions of the licences, permits, registrations and certificates in the past nor had we encountered difficulties in renewing of our licences and permits in the past. Any non-renewal of licences and permits in a timely manner may have material adverse effects on our business, financial condition, operations and prospects.

8.1.7 We face competition from other industry players

Our Chartering Contracts are awarded through competitive bidding processes and/or on negotiated basis upon satisfaction of certain pre-qualification criteria, amongst others, our experience in vessels operation, the age and condition of our vessels, the type and technical capabilities of our vessels and the safety records. If any of the aforementioned pre-qualification criteria are not met, we may not qualify to bid and/or negotiate for new Chartering Contracts which could adversely affect our business, financial condition, operations and prospects.

For Chartering Contracts that are awarded through tender bidding processes, we may not be able to negotiate for favourable DCRs. If the DCRs are not as per anticipated and the bid proposals submitted by our competitors are of lower DCRs, we may not be able to secure the Chartering Contracts which could in turn adversely affect our revenue and profitability. Typically, vessel owners and charterers are required to participate in a tender bidding process in order to directly secure Chartering Contracts with PCSB and PACs. Thus, we began to directly participate in tenders by PCSB and PACs after we were awarded the LOA For Umbrella Contract in 2019. During the FYE 2020, FYE 2021, FYE 2022 and FPE Sep 2023, 32.0%, 36.9%, 44.7% and 67.5% of our Group's total revenue were derived from bidding process, respectively.

8. RISK FACTORS (Cont'd)

For Chartering Contracts that are procured through submission of proposals after receipt a request for proposal, in the event where the DCR that we propose to our customers are not accepted by our customers or our customers require lower DCR during period of low demand, we may lower our DCR or we may not be awarded the Chartering Contracts.

The failure to secure new Chartering Contracts or Chartering Contracts with favourable contract terms could materially affect our business, financial condition, operations and prospects.

8.1.8 We operate in highly capital-intensive industry and we require high levels of financing

The accommodation vessel industry is a capital-intensive industry which requires high levels of financing as we expand. We have incurred high level of capital expenditure as we expanded the fleet of our own vessels. Our acquisition cost for the fleet of our own vessels, and the source of funds used for their acquisition, is detailed in Section 6.4.1.

We have incurred high level of funding as we expanded our business and our fleet size. The amount incurred for acquiring own vessels is disclosed in Section 6.4. Additional information on our borrowings and funding received are set out in Sections 11.4 and 11.5.

Our ability to service our debts and other contractual obligations will depend on our future operations and cash flow generation, which in turn will be affected by various factors which may be beyond our control.

Our ability to obtain additional financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, cost of financing of financiers, monetary and fiscal policies as determined by the Government of Malaysia, credit availability from financial institutions, stringent conditions imposed by the financial institutions before any financing facilities can be drawn down such as having valid requisite licences for our vessels and secured Chartering Contracts, the continued success of our operations and other laws that are conducive to our raising capital. If we are unable to raise adequate financing in a timely manner and on acceptable terms, or at all, our business, financial condition, operations and prospects could be adversely affected.

There is no assurance that we will have sufficient capital resources to acquire vessels and equipment required to expand our fleet size in the future. While we expect our cash on hand, cash flow from operations, proceeds from our Public Issue and available borrowings under our credit facilities to be adequate to fund our existing and future commitments, our ability to pay these amounts is dependent upon the continued success of our business and operations.

8.1.9 We are required to comply with HSE laws, regulations and/or policies that govern the oil and gas industry

We are currently subject to HSE laws, regulations and/or policies which govern the oil and gas industry and a breach of which may result in amongst others, the revocation of our licences, suspension of our vessels and imposition of fines and penalties by the relevant authorities.

HSE laws, regulations and/or policies address, among others, occupational safety and health of employees when they perform their jobs and the effect that performing those jobs may have on the environment. We are subject to audits on our ship management system, including HSE management and processes, which are carried out by the Marine Department Malaysia and as part of the Offshore Vessel Management and Self-Assessment (OVMSA) requirements to ensure that it complies with their requirements.

8. RISK FACTORS (Cont'd)

Failure to comply with any relevant laws, regulations and/or policies, as well as injuries or other harm caused by such failure, may result in financial penalties, administrative or legal proceedings against us including the termination or suspension of our business activities. This may disrupt our operations and could have a material adverse effect on our business operations.

Since the commencement of our chartering operations up to the LPD, there have been no incidences of non-compliance of applicable HSE laws, regulations and/or policies by our Group. However, there can be no assurance that we will continue to remain in compliance with applicable HSE laws, regulations and/or policies as we carry out our business. In addition, there can be no assurance that we will not be involved in future litigations or proceedings relating to regulatory matters, of which the cost could be material.

8.1.10 We are subject to vessels operating hazards beyond our control and our vessels may suffer damages due to unforeseen circumstances and we may face unexpected repair costs in the event where our insurance compensation does not sufficiently compensate for the damages caused to our vessels

Our operations are subject to ocean-going vessels' inherent risks, some of which are beyond our control whilst some of which are somewhat within our control, for instance:

Risks beyond our control

- Adverse sea and weather conditions;
- Infectious communicable diseases; and
- War, sabotage, piracy and terrorism risks.

Risks that somewhat within our control

- Equipment failures;
- Crew negligence resulting in collisions and fire;
- Labour shortages and strikes; and
- Damage to and loss of vessels.

Any of these circumstances or events could pose a threat to the safety of our personnel and damage to our vessels and equipment as well as environment. If our vessels suffer damage, they may need to be repaired and the costs of repair and maintenance can be substantial. Whilst our vessels are insured and depending on the nature and cause of the damages to our vessels, our insurers may not sufficiently pay for repair and maintenance costs and we therefore may have to pay substantial repair and maintenance costs. The loss of earnings while these vessels are being repaired and reconditioned is not covered by insurance in full and thus these losses, as well as the actual cost of these repairs, would decrease our earnings.

As such, in the event of the occurrence of any of these events, we could be required to suspend our operations. As such, we could experience loss of revenue and we may potentially be liable to substantial claim from any third parties for damages caused to them. To the extent where our insurances are unable to cover compensation claimed from the third parties, our business, financial condition and operations will be adversely affected.

Since the commencement of our chartering operations up to the LPD, there have been no occurrences of any of the abovementioned circumstances and events that have caused material impact to our business operations. However, there can be no assurance that this will not occur in the future.

8. RISK FACTORS (Cont'd)

8.1.11 We are dependent on our key senior management and key technical personnel as well as our ability to hire and retain skilled and qualified employees and crew members

Our success will depend to a significant extent upon the abilities and continuing efforts of our key management, in particular, our Group CEO, Darren Kee and our Group COO, Mohd Erwan, who have been actively involved in our Group's operations since the founding of our business. Over the past years, Darren Kee has been instrumental in charting our business direction and managing our strategic development. He is also key to our existing relationships with our customers and in securing new Chartering Contracts for our Group whilst Mohd Erwan has been playing an important role in leading our technical teams and overseeing the operational compliance for each Chartering Contract undertaken by our Group.

We have not identified suitable successors for our Group CEO and Group COO and are thus dependent on them in growing our Group's business and securing new Chartering Contracts. Nevertheless, as some of our Board of Directors have relevant experience in the oil and gas and marine industries, they can assist to identify potential future successors for our Group CEO and Group COO.

Our key management team also has the necessary experience and qualifications to oversee the day-to-day operations of our Group, and our Group's employees are well-trained in undertaking their respective roles. We have also put in place management succession plans which include grooming and training low and mid management staff, as detailed in Section 6.7.9.

Our success will also depend on our ability to recruit and retain skilled and qualified employees and crew members. As we expand our fleet, our key management will need to recruit suitable additional seafarers and shoreside administrative and management personnel. The recruitment and retention of key skilled and qualified employees could be challenging as we are operating in a niche industry with competitive employment market. We cannot guarantee that we will be able to hire suitable qualified employees in the future, as and when we have a Chartering Contract.

8.1.12 Inadequacy of insurance coverage may cause significant loss and damage to us

The operation of our vessels would involve inherent operating hazards and the occurrence of which may result in damage to or loss of our vessels and other property and injury to passengers and personnel on board.

We have obtained hull and machinery insurance, protection and indemnity insurance, and mortgagee interest insurance for our own vessels. In addition, we have also obtained hull and machinery insurance and protection and indemnity insurance for Daya Indah Satu and Daya Ceria which we charter on a bareboat basis.

We believe that our insurance coverage is sufficient. However, subject to the nature of the claims, the insurers may not pay for claims which are not within their insurance policies. Our insurance policies contain deductibles for which we will be responsible, limitations and exclusions. Moreover, insurers may default on claims they are required to pay. If our insurance is not enough to cover potential claims that may arise, the deficiency may have a material adverse effect on our business, financial condition and operations.

8. RISK FACTORS (Cont'd)**8.1.13 Our business operations may be exposed to liquidity and credit risk as a result of delay in collection or non-recoverability of trade receivables and/or other receivables**

Our Group usually grant credit terms ranging from 30 to 120 days to our customers. We also have Chartering Contracts without fixed credit terms, whereby our customers will pay us on a back-to-back basis as and when they receive payments from their customers. Such terms, which are common in our industry apply to oil and gas contractors and offshore support vessel owners for which we have established business relationship for several years, and the credit period are usually longer than those with fixed credit terms.

The summary of our Group's invoices and credit terms are as follows:

| | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2022 | FPE Sep 2023 |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Invoices with fixed credit terms | 48,178 | 104,727 | 204,689 | 147,184 | 276,050 |
| Invoices without fixed credit terms | 27,053 | 35,029 | 31,515 | 21,417 | 34,868 |
| Total | 75,231 | 139,756 | 236,204 | 168,601 | 310,918 |
| % of sales with fixed credit terms | 64.0 | 74.9 | 86.7 | 87.3 | 88.8 |
| % of sales without fixed credit terms | 36.0 | 25.1 | 13.3 | 12.7 | 11.2 |

As at the LPD, we have 2 customers without fixed credit terms. These customers will pay us on a back-to-back basis as and when they receive payments from their customers (who are either PCSB or PACs). Please refer to Section 11.7.1 for further details of the trade receivables amount without fixed credit terms.

We obtained the PETRONAS licence in 2018 and were awarded LOAs For Umbrella Contracts and Umbrella Contracts to be a panel contractor, enabling us to directly participate in tenders by PCSB other PACs since 2019. Arising from such tenders which we won, we have earned revenue from PCSB and PACs, which are generally larger and more reputable companies and these usually accord fixed credit terms. Hence, we were able to reduce the proportion of our Group's trade receivables without fixed credit terms.

In mitigating our exposure to the risk of delays in collection or non-recoverability of our trade receivables for Chartering Contracts without fixed credit term, our Group has stringent criteria for the selection of customers whereby we selectively submit tenders to customers who are reputable, established and/or have good business relationships with us, amongst other factors. Further, we constantly monitor the progress of the Chartering Contracts and are in frequent communication with our customers and the end customers to ensure the risk of a delay in payment from our customers is minimised when they receive payments from the end customers. Legal action can be taken against the customers to recover our trade receivables if we discover that the customers had failed to pay our invoices upon receiving payments from the end customers. Prior to tendering for projects of which payment will be made on a back-to-back basis, we will also assess our cash flows, and cash and cash equivalents to ensure that we always have sufficient working capital to meet our operating requirements and capital expenditure and commitments. In view of these factors, we have not faced any constraints in our Group's cash flow arising from such credit terms.

8. RISK FACTORS (Cont'd)

To manage the potential liquidity risk as a result of an extended delay in payment from our customers without credit terms, our Group has also negotiated with the owners of the vessels which we charter from for payment without credit terms and on a back-to-back basis to match our trade receivables without credit terms.

In the FYE 2021 and 2022, our Group had encountered instances of a delay in collection or non-recoverability of trade receivables, resulting in our Group recording allowance for impairment losses on trade receivables amounting to RM5.1 million and RM4.3 million respectively. Out of this, a total amount of RM8.6 million was in relation to the amount owing by Sapura Pinewell Sdn Bhd ("Sapura Pinewell"), a subsidiary of Sapura Energy Berhad ("Sapura"). Sapura is a company listed on the Main Market of Bursa Securities and is classified as an affected listed issuer under PN17 of the Listing Requirements.

The balance amount of RM0.8 million was due from Shapadu Energy Services Sdn Bhd for which an allowance for impairment loss had previously been made in FYE 2021 as the amount has been overdue for more than 1 year. Subsequent to FYE 2021, our Group is of view that the amount was no longer recoverable and as such it was fully written off in FYE 2022.

In view of the long outstanding debt, the financial condition of Sapura and various winding-up petitions served on of Sapura Pinewell, we have made the above allowance for impairment loss, representing 100% of the amount owed to us by Sapura Pinewell.

Currently, the Sapura Group is undergoing a proof of debt exercise whereby its creditors are to submit various documents to support the outstanding debts due from them. Our Group has already submitted all such documents and Sapura Group has acknowledged the proof of debt due to us. We are currently awaiting the next course of action by Sapura Group in addressing the amount due to us.

In the event that we are able to recover any amount out of the debt due from Sapura Pinewell, we will write back the allowance for impairment losses which has been made in FYE 2021 and FYE 2022, in the financial year(s) in which we recover such amounts.

To manage the risk of further non-recoverability of trade receivables from the Sapura Group, we have, since first quarter 2022, imposed strict credit terms on this group of companies, whereby we will only provide our services to them after they have paid us in advance for such services.

Whilst we closely monitor the recoverability of our overdue trade receivables on a regular basis, an extended delay in payment from our customers, or failure to collect our outstanding trade receivables, will have a material and adverse effect on our business, results of operations and liquidity.

8.1.14 Our financial performance and position may be affected due to the financial commitment of payment for bareboat DCR in the event we are unable to charter out Daya Indah Satu and Daya Ceria which we have bareboat chartered

Our Group has entered into the following bareboat charter arrangements, both of which were formalised via bareboat charter agreements:

- (i) Arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Indah Satu for a period of 1 year from 1 November 2022 until 31 October 2023, with an extension of 1 year at our Group's option, which has been exercised by us; and

8. RISK FACTORS *(Cont'd)*

- (ii) Arrangement with Sea Steel Sdn Bhd for the bareboat charter of Daya Ceria for a period of 1 year from 18 July 2023 to 17 July 2024, with an extension of 1 year at our Group's option.

Under the above bareboat charter arrangements, our Group is required to pay bareboat DCR to its owner notwithstanding whether we manage to charter out the vessels and/or if the vessel(s) have broken down and therefore unable to be chartered out or if the Chartering Contracts being carried out are terminated due to various unforeseen circumstances such as vessel breakdowns or equipment failure. The total DCR to be paid for the bareboat charters of Daya Indah Satu and Daya Ceria is RM11.1 million cumulatively for one year, plus another RM11.1 million if our Group exercise the respective extension options as stipulated above.

Such financial commitment may materially adversely impact our business, financial condition and operations if we are unable to charter out Daya Indah Satu and Daya Ceria which we have bareboat chartered and either one or both of these vessels remain idle for an extended period of time.

As at the LPD:

- (i) Daya Indah Satu has been awarded a contract to a customer which will commence in February 2024 for a firm period until July 2024 and a further 45 days' extension at the charterer's option; and
- (ii) Daya Ceria is chartered for a firm period until October 2023 and the contract was further extended until 4 March 2024.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 Our business operations and financial performance is subject to the inherent risks of the upstream oil and gas industry in Malaysia as well as other countries we may expand into

We own, operate and charter accommodation vessels to provide accommodation and various onboard services such as accommodation, housekeeping, laundry and medical support services to the upstream oil and gas industry. As we serve the upstream oil and gas industry, our business is dependent on offshore oilfield activities.

As our accommodation vessels can be utilised throughout the entire lifecycle of an offshore oilfield project, we are less susceptible to lower levels of offshore oil and gas exploration and development activities relative to other types of offshore support vessels. This is because existing offshore oil and gas platforms will require offshore personnel to constantly operate and maintain, and these offshore personnel will in turn require lodging facilities thus creating demand for accommodation vessels.

However, in the event there is a significant drop of oil and gas prices over a prolonged period of time, this will result in lower levels of offshore oilfield activities in general. In this context, the demand for accommodation vessels may correspondingly reduce as there are less offshore personnel required to operate and maintain new and existing offshore oil and gas platforms.

As we serve the upstream oil and gas industry, lower demand for accommodation vessels from the oil and gas industry in Malaysia as well as countries which we may expand into will affect our business, financial condition, operations and prospects as our vessel charter and utilisation rates may decrease.

8. RISK FACTORS (Cont'd)

8.2.2 The offshore oil and gas industry is subject to governmental regulations

The extraction and transport of oil and gas at sea is subject to inherent risk, such as blow-outs, equipment defects, accidents and crew safety, discharge of pollutants and oil spills, malfunctions, equipment failures and misuses of vessel and related equipment by the crew that could cause significant environmental damage, personal injury or loss of life and commercial damage (which refer to breaches in our Chartering Contracts in delivering our chartering services). Therefore, our operations are subject to local and international regulations in jurisdiction where our accommodation vessel operate and the countries in which our accommodation vessels are registered, as well as in jurisdictions where we intend to operate in.

In particular, we are presently subject to relevant environmental conventions, protocols and regulatory framework under the International Maritime Organization (IMO), which outlines a range of regulations to prevent pollution from ships, including rules on oil pollution, sewage, garbage disposal and air pollution. We have adopted measures to comply with such requirements, and have implemented, and intend to continue to implement, further steps and policies to reduce our environmental impact. However, compliance with such conventions, protocols and regulatory framework can require significant expenditures and a breach may result in imposition of fines and penalties, some of which may be material. In addition, such conventions, protocols and regulatory frameworks may evolve to result in stricter standards and enforcement, and larger fines and liability, and there is no assurance that our present measures are sufficient in the future. The costs of complying to stricter standards and enforcements may result in a material increase in our costs of operating our fleet, which could materially and adversely affect our financial condition, results of operations and prospects.

An oil spill or discharge of pollutants into the air may give rise to liabilities to government authorities and third parties for containment, clean-up and other damages that may arise. We could also be imposed with fines, penalties and sanction, revocation of our licences and permits and prohibition from continuing our operations, and the occurrence of any of which could have material adverse effect on our business and our reputation. Changes in environmental laws may also expose us to liability for the conduct of or conditions caused by others, or for acts which were in compliance with all applicable laws at the time such actions were taken.

We are also required by our customers to maintain high standard of health, safety, security and environment precautions in the course of our operations. Any failure to maintain such standards may result in the cancellation of our existing Chartering Contracts and it will affect our chances to tender for new Chartering Contracts.

We have not encountered any such occurrences in the past and such risk has not materially and adversely affected our operation in the past. However, there can be no assurance that we may not be affected by this risk in the future.

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8. RISK FACTORS (Cont'd)

8.2.3 We may be affected by a significant change in PETRONAS' licencing policies towards oil and gas industry

In addition to the Malaysian laws, regulations and government policies, the oil and gas participants are to comply with the licencing requirements and policies imposed by PETRONAS. PETRONAS' current policies in Malaysia towards the oil and gas industry include the imposition of licencing/registration requirements and under these policies, only companies with valid licences/registration may supply goods, products and services to the upstream sector of the oil and gas industry in Malaysia. Typically, any significant change of PETRONAS' licencing policies towards oil and gas industry such as the relaxation or liberalisation of licencing/registration requirements for the provision of goods, products and services related to the oil and gas industry or permitting foreign suppliers to operate in Malaysia without restrictions may result in the change of participants in the oil and gas industry.

Therefore, our business is subject to PETRONAS' licencing policies and any fundamental change in those policies would have a material adverse effect on our business, financial condition, operations and prospects.

8.2.4 We are exposed to political, economic and regulatory risks in Malaysia and other geographical markets where we may expand into

As at the LPD, we derive all of our revenue from Malaysia while we may derive our revenue from other geographical markets in the future, should such opportunities arise. As such, any adverse developments or uncertainties in political, economic or regulatory conditions in Malaysia or other countries, as well as occurrence of force majeure events, such as terrorism acts, war, riots, epidemics (including but not limited to the COVID-19 pandemic) and natural disasters whether globally or in Malaysia could unfavourably affect our financial and business prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, interest rates and foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies and regulations.

The occurrence of any of these events is beyond our control and may have an adverse impact on the demand of our vessels or cause interruptions and delays in the performance of our work. As a result, our business operations and financial performance will be adversely affected.

As at the LPD, we have not experienced any adverse political, economic and regulatory changes or any force majeure events (save for the COVID-19 pandemic) which has had a direct impact on our business operations. Please refer to Section 8.1.5 for further details relating to the impact of COVID-19 pandemic on our business operations and financial performance. Further, we also cannot assure you that our plans to expand our business will not be adversely affected by the changes in political, economic and regulatory conditions and force majeure events in Malaysia and other countries we may expand into.

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8. RISK FACTORS (Cont'd)

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the Main Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the Main Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) The selected investors fail to subscribe for the IPO Shares. In such an event, our Joint Placement Agents may require more time to secure other investors to reallocate such IPO Shares;
- (ii) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (iii) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8. RISK FACTORS (Cont'd)

8.3.3 The trading price of our Shares following our Listing may be volatile

The trading price of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

8.3.4 We may not be able to pay dividends

As part of our Board's guidance on dividends, we aim to declare a certain portion of our retained earnings for the year, subject to the approval of our Board and to any applicable law and contractual obligations, as dividends, provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board. Kindly refer to Section 11.13 for further details of our dividend policy.

We propose to pay dividends after setting aside the necessary funds for capital expenditure and working capital and taking into account applicable restrictive covenants under our financing documents such that any declaration of dividends shall not exceed our distributable profits. We believe that we have sufficient working capital for the next 12 months from the date of this Prospectus, based on our cash generated from our operating activities, cash and bank balances, credit facilities and the gross proceeds of approximately RM188.1 million that we expect to raise from our Public Issue. However, there can be no assurance that our working capital will be sufficient or that we will be able to make dividend payments in the future. Even if we are able to pay dividends, our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends that we currently propose. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends. If we do not pay dividends, or we pay dividends at levels lower than anticipated by investors, the market price of our Shares may be negatively affected and the value of your investment in our Shares may be reduced.

Our Company is a holding company and substantially all of our operations are conducted through our subsidiaries. Accordingly, dividends and other distributions received from our subsidiaries are our Company's principal source of income. Our Company and subsidiaries may also enter into financing agreements which could further limit our ability to pay dividends, and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all.

8. RISK FACTORS (Cont'd)

8.4 OTHER RISKS

8.4.1 Our Promoters and substantial shareholders will be able to exert significant influence over our Company

Our Promoters and Substantial Shareholders will hold 69.5% of our enlarged share capital upon Listing. Because of the size of its shareholdings, our Promoters and Substantial Shareholders will have a majority vote which can decide the outcome of certain matters requiring the vote of our shareholders unless it is required to abstain from voting by law and/or as required by the relevant authorities.

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9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, we have not entered into any related party transactions with our Directors, Substantial Shareholders, key senior management personnel and/or persons connected with them for the past 3 FYEs, FPE Sep 2023 and up to the LPD.

| No. | Transacting parties | Interested persons | Nature of transaction | Value of transactions | | | | |
|-----|--|--|--|---|--|------------------|------------------|-------------------------------|
| | | | | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD |
| | | | | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) |
| (1) | <ul style="list-style-type: none"> Keyfield Offshore Lavin Group | <ul style="list-style-type: none"> Lavin Group is our Substantial Shareholder Lavin Group was a substantial shareholder of Keyfield Offshore | Subscription of 14,750,000 ordinary shares in Keyfield Offshore | 10,001 (8.1% of our Group's NA) | - | - | - | - |
| (2) | <ul style="list-style-type: none"> WCL Keyfield Marine Jingjiang Nanyang Shipbuilding Co Ltd Nantong Shunyang Trade and Development Co Ltd | <ul style="list-style-type: none"> Darren Kee is a substantial shareholder and director of WCL Darren Kee is our Promoter, Substantial Shareholder and Director Darren Kee is a director of Keyfield Marine | WCL novated its rights, interests, benefits, obligations and liabilities under the LS2 Shipbuilding Contract dated 1 December 2015 for the construction of LS2 by Jingjiang Nanyang Shipbuilding Co Ltd and Nantong Shunyang Trade and Development Co Ltd to Keyfield Marine | ⁽¹⁾ 70,984 (USD17,000) (57.4% of our Group's NA) | - | - | - | - |
| (3) | <ul style="list-style-type: none"> Lavin Group Keyfield Offshore | <ul style="list-style-type: none"> Lavin Group is our Substantial Shareholder Lavin Group was a substantial shareholder of Keyfield Offshore | Advances from Lavin Group to Keyfield Offshore | ⁽²⁾ 58,846 (USD14,050) (47.6% of our Group's NA) | ⁽³⁾ 4,153 (USD1,000) (2.9% of our Group's NA) | - | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties | Interested persons | Nature of transaction | Value of transactions | | | | |
|-----|--|--|--|----------------------------------|------------------|------------------|------------------|-------------------------------|
| | | | | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD |
| | | | | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) |
| (4) | <ul style="list-style-type: none"> Our Company Keyfield Offshore | <ul style="list-style-type: none"> Darren Kee, Kate Ooi and Mohd Erwan are Promoters and Substantial Shareholders of Keyfield Darren Kee and Mohd Erwan are Directors of Keyfield Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore | Acquisition by our Company for the entire equity interests in Keyfield Marine and Keyfield Endeavour | (4)- | - | - | - | - |
| (5) | <ul style="list-style-type: none"> Our Company OM Ceria Lavin Group Darren Kee Kate Ooi Mohd Erwan | <ul style="list-style-type: none"> Darren Kee, Kate Ooi and Mohd Erwan are our Promoters and Substantial Shareholders of our Company Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore OM Ceria and Lavin Group were substantial shareholders of Keyfield Offshore | Acquisition by our Company for the entire equity interests in Keyfield Offshore | 90,000 (72.7% of our Group's NA) | - | - | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties | Interested persons | Nature of transaction | Value of transactions | | | | |
|-----|--|---|--|---|------------------|------------------|------------------|-------------------------------|
| | | | | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD |
| | | | | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) |
| (6) | <ul style="list-style-type: none"> Our Company Keyfield Marine Darren Kee WCL | <ul style="list-style-type: none"> Darren Kee is our Promoter, Substantial Shareholder and Director Darren Kee is a substantial shareholder and Director of WCL Darren Kee is a Director of Keyfield Marine | Capitalisation of debt owing by Keyfield Marine to Darren Kee by way of issuance of 29,520,000 new Shares in relation to the acquisition of LS2 ⁽¹⁾ | 14,760 (USD3,600) (11.9% of our Group's NA) | - | - | - | - |
| (7) | <ul style="list-style-type: none"> Our Company Lavin Group | <ul style="list-style-type: none"> Lavin Group is our Substantial Shareholder | Capitalisation of debt owing by Keyfield Offshore to Lavin Group by way of issuance of 41,000,000 new Shares in relation to the advances to Keyfield Offshore ⁽²⁾ | 20,500 (USD5,000) (16.6% of our Group's NA) | - | - | - | - |
| | | | Repayment of advances from Keyfield Offshore to Lavin Group by way of cash ⁽²⁾ | 31,553 (USD7,800) (25.5% of our Group's NA) | - | - | - | - |
| (8) | <ul style="list-style-type: none"> Keyfield Offshore Darren Kee Kate Ooi Mohd Erwan BAP Resources Sdn Bhd | <ul style="list-style-type: none"> Darren Kee, Kate Ooi and Mohd Erwan are our Promoters and Substantial Shareholders of our Company Darren Kee, Kate Ooi and Mohd Erwan are Directors and were substantial shareholders of Keyfield Offshore | Conversion of Keyfield Offshore NCNRCPS into Keyfield Offshore ordinary shares | 33,000 (26.7% of our Group's NA) | - | - | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties | Interested persons | Nature of transaction | Value of transactions | | | | |
|------|---|---|--|-----------------------|---|---|------------------|-------------------------------|
| | | | | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD |
| | | | | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) |
| | | | <ul style="list-style-type: none"> BAP Resources Sdn Bhd is a previous shareholder of Keyfield Offshore | | | | | |
| (9) | <ul style="list-style-type: none"> Keyfield Offshore Lavin Group Keyfield Resolute | <ul style="list-style-type: none"> Lavin Group is our Substantial Shareholder Keyfield Resolute (formerly known as Lavin Vessel 1) was previously a wholly-owned subsidiary of Lavin Group. It is currently our wholly-owned subsidiary | <p>Chartering of AWBs by Keyfield Offshore from Keyfield Resolute on exclusive bareboat chartering basis⁽⁵⁾</p> <p>Reimbursement of pre-operating mobilisation and related cost of Commander and Compassion</p> | - | 3,751 (3.9% of our Group's COS) | 390 (0.3% of our Group's COS) | - | - |
| | | | | - | ⁽⁶⁾ 2,289 (2.4% of our Group's COS) | - | - | - |
| (10) | <ul style="list-style-type: none"> Keyfield Offshore Lavin Group | <ul style="list-style-type: none"> Lavin Group is our Substantial Shareholder | <p>Acquisition of Keyfield Resolute by Keyfield from Lavin Group for a purchase consideration of RM12.5 million, which is satisfied in full by the issuance of 50.0 million Keyfield CRNCPS at the issue price of RM0.25</p> <p>Capitalisation of amount owing by Keyfield Resolute to Lavin Group amounting to RM65.0 million by the issuance of 260.0 million Keyfield CRNCPS at an issue price of RM0.25 to Lavin Group</p> | - | - | ⁽⁷⁾ 12,500 (6.6% of our Group's NA) | - | - |
| | | | | - | - | 65,000 (34.6% of our Group's NA) | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties | Interested persons | Nature of transaction | Value of transactions | | | | |
|------|--|--|--|-----------------------|------------------|------------------------------------|------------------------------------|---|
| | | | | FYE 2020 | FYE 2021 | FYE 2022 | FPE Sep 2023 | From 1 October 2023 up to LPD |
| | | | | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) | RM'000 (USD'000) |
| | | | Interest payable on Keyfield CRNCPS to Lavin Group | - | - | 1,949 (1.3% of our Group's COS) | 1,744 (1.0% of our Group's COS) | 969 (1.0% of our Group's COS) |
| (11) | <ul style="list-style-type: none"> Keyfield Offshore 10 Tower Sdn Bhd London Bridge Property Management Sdn Bhd | <ul style="list-style-type: none"> Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder | Rental of office units ⁽⁸⁾ | - | - | - | 139 (0.1% of our Group's COS) | 67 (less than 0.1% of our Group's COS) |
| (12) | <ul style="list-style-type: none"> Keyfield Offshore Helix Management Sdn Bhd London Bridge Property Management Sdn Bhd | <ul style="list-style-type: none"> Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder | Rental of office units ⁽⁹⁾ | - | - | - | 260 (0.2% of our Group's COS) | 156 (0.2% of our Group's COS) |

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

NA Net assets attributable to the owners of the Company
 COS Cost of sales

(1) On 1 December 2015, WCL entered into a shipbuilding contract with Jinjiang Nanyang Shipbuilding Co Ltd and Nantong Shunyang Trade and Development Co Ltd ("LS Series Shipbuilders") for the purchase of LS2 at a purchase consideration of USD17.0 million (equivalent to RM70.9 million) ("LS2 Shipbuilding Contract"). On 19 August 2020, pursuant to a novation agreement between WCL, Keyfield Marine, and the LS Series Shipbuilders, it was agreed by the parties that the entire interest, benefit, right, entitlement, obligation and liabilities under LS2 and the LS2 Shipbuilding Contract be novated by WCL to Keyfield Marine at the value of USD17.0 million (equivalent to RM70.9 million), which constitutes the value of the related party transaction.

Arising from the novation agreement, the amount previously paid by Keyfield Offshore to the LS Series Shipbuilders on behalf of WCL amounting to USD0.2 million (equivalent to RM0.8 million) was novated to Keyfield Marine and became an inter-company amount within our Group. The amount previously paid by WCL to the LS Series Shipbuilders amounting to USD3.8 million (equivalent to RM15.7 million), was novated to Keyfield Marine and became an amount due by Keyfield Marine to WCL. Our Group repaid the sum of USD0.2 million (equivalent to RM0.9 million after accounting for foreign exchange differences) to WCL in cash. Thereafter, WCL novated the balance sum of USD3.6 million (equivalent to RM14.8 million) to Darren Kee. In December 2020, the outstanding sum of USD3.6 million (equivalent to RM14.8 million) was capitalised through the issuance of 29,520,000 new Shares at an issue price of RM0.50 per new Share to Darren Kee. Out of these 29,520,000 new Shares issued to Darren Kee on 28 December 2020, he sold 13,000,000 Shares to MEAM Holdings for a total consideration of RM8.1 million.

The balance of the purchase consideration for the LS2 Shipbuilding Contract, amounting to USD13.0 million (equivalent to RM54.4 million) was novated to Keyfield Marine and became an amount payable by Keyfield Marine to the LS Series Shipbuilders, which has since been fully paid. Out of this amount, USD12.8 million (equivalent to RM53.6 million) was paid by our Group by utilising the advances from Lavin Group as set out in Note (2)(a) below, with the balance from our internally generated funds.

(2) Lavin Group had advanced a total sum of USD14.1 million (equivalent to RM58.8 million) to our Group in FYE 2020, details of which are set out below:

(a) In August 2020, Lavin Group had advanced a sum of USD12.8 million (equivalent to RM53.6 million) to Keyfield Offshore which was used towards the payment of LS2. On 28 December 2020, we issued 41,000,000 new Shares at an issue price of RM0.50 per new Share to Lavin Group to settle USD5.0 million (equivalent to RM20.5 million). On 31 December 2020, the balance USD7.8 million (equivalent to RM31.6 million) was repaid in cash. Out of these 41,000,000 new Shares issued to Lavin Group, on 28 December 2020, Lavin Group sold 22,000,000 Shares to Veritas Aman for a total consideration of RM12.1 million;

9. RELATED PARTY TRANSACTIONS (Cont'd)

- (b) In September 2020, Lavin Group had advanced a sum of USD1.3 million (equivalent to RM5.2 million) to Keyfield Offshore which was used towards the partial payment of Falcon. In February 2021, we repaid USD1.0 million (equivalent to RM4.2 million) while the balance of USD0.3 million (equivalent to RM1.2 million) was fully repaid by 30 June 2021; and
- (3) Lavin Group further advanced a sum of USD1.0 million (equivalent to RM4.2 million) to our Group in October 2021. This advance was used to part finance the acquisition of Kindness, which was fully repaid in December 2022.
- (4) Total cash purchase consideration of RM2.00.
- (5) Prior to the acquisition of Keyfield Resolute by Keyfield on 18 February 2022, Keyfield Resolute was a wholly-owned subsidiary of Lavin Group which was a special purpose company incorporated to acquire Compassion and Commander. Keyfield Resolute became our wholly-owned subsidiary on 18 February 2022. The acquisition of Keyfield Resolute was deemed as an acquisition of assets (vessels) that does not constitute as a business, therefore MFRS 3 Business Combinations does not apply. No goodwill or bargain purchase is recognised.
- From the period of 20 August 2021 to 26 January 2022, Keyfield Resolute had chartered Compassion and Commander to Keyfield Offshore based on the DCR of RM30,000 for Compassion and RM25,000 for Commander. Such DCR is only payable when the AWBs are chartered by Keyfield Offshore's customers as provided for under the Master Agreement dated 20 August 2021 entered into between Keyfield Offshore, Keyfield Resolute and Lavin Group. With the completion of the acquisition of Keyfield Resolute by Keyfield, all the transactions between Keyfield Resolute and Keyfield Offshore are no longer Related Party Transactions. The Master Agreement was terminated on 18 February 2022.
- (6) Keyfield Offshore had incurred this amount as pre-operating mobilisation expenses on both Compassion and Commander prior to the commencement of the Master Agreement, which was reimbursed by Keyfield Resolute to Keyfield Offshore.
- (7) Based on the nominal value of RM12.5 million.
- (8) As set out in Section 6.16(xxxi), London Bridge Property Management Sdn Bhd had rented office units to 10 Tower Sdn Bhd which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- ⁽⁹⁾ As set out in Section 6.16(xxxii), London Bridge Property Management Sdn Bhd had rented office units to Helix Management Sdn Bhd which then further rented the said office units to Keyfield Offshore. Calvin Lau Chuen Yien is the sole director and shareholder of London Bridge Property Management Sdn Bhd. Calvin Lau Chuen Yien is also a substantial shareholder of Lavin Group, our Substantial Shareholder. As such, this transaction is considered a related party transaction. The rental rate is based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

As at the LPD, save as disclosed below there are no related party transactions entered into but not yet effected:

(i) Redemption of Keyfield CRNCPS

The Keyfield CRNCPS shall be redeemed in the following manner prior to our Listing:

| <u>Redemption source</u> | <u>Timeline</u> | <u>No. of Keyfield CRNCPS to be redeemed</u> | <u>RM'000</u> |
|---|----------------------------------|--|----------------|
| (a) Issuance of IPO Shares ⁽¹⁾ | Concurrent with the Public Issue | 324,000,000 | 81,000 |
| (b) Proceeds from the IPO | Note ⁽²⁾ | 246,000,000 | 61,500 |
| | | 570,000,000 | 142,500 |

Notes:

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

⁽²⁾ To be redeemed using the cash proceeds from the Public Issue within 1 month from the Listing as set out in Section 4.10(j). RM5.5 million shall be utilised to redeem Keyfield CRNCPS held by Lavin Group and RM56.0 million shall be utilised to redeem Keyfield CRNCPS held by Stratos Private Equity.

Based on the above, the redemption of Keyfield CRNCPS held by Lavin Group is deemed a related party transaction, as Lavin Group is our Substantial Shareholder.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Our Directors are of the opinion that the above transactions were carried out on an arm's length basis and on normal commercial terms which are not more favourable to our related parties, save for the advances amounted to USD15.1 million (equivalent to RM63.0 million), from Lavin Group (item (3) above) in view of the following:

- (i) The subscription of shares in Keyfield Offshore by Lavin Group referred to in (1) above was at RM0.678 per Keyfield Offshore share which represents a discount to the consolidated NA per Keyfield Offshore as at 31 December 2019 of RM1.57 per share (after taking into consideration the conversion of Keyfield NCNCRPS referred to in (8) above). The subscription of shares was effected on 24 August 2020. The discount is reasonable after taking into consideration the unfavourable market conditions at that time whereby the entire global economy was uncertain due to the onset of the COVID-19 pandemic;
- (ii) The LS2 Shipbuilding Contract was based on the purchase consideration of USD17.0 million (equivalent to RM70.9 million). The novation of the LS2 Shipbuilding Contract from WCL to Keyfield Marine referred to in (2) above was undertaken based on the purchase consideration of USD17.0 million (equivalent to RM70.9 million) which is same price at which WCL originally entered into the LS2 Shipbuilding Contract. As such, WCL did not record any gain or loss pursuant to the novation;
- (iii) The purchase consideration for the acquisition of Keyfield Marine and Keyfield Endeavour referred to in (4) above was after taking into consideration the net liabilities of these companies of RM0.02 million pursuant to their unaudited management account as at 31 August 2020, as disclosed in Section 6.2.2;
- (iv) The purchase consideration for the acquisition of Keyfield Offshore, as referred to in (5) above, was after taking into consideration the following:
 - (a) Approximately 1.09 times of the unaudited NA of Keyfield Offshore of RM82.7 million as at 31 August 2020;
 - (b) The expected increase in the total consolidated NA of Keyfield Offshore between 31 August 2020 and the date of completion of the Second SPA; and
 - (c) The future earnings potential of Keyfield Offshore;
 as disclosed in Section 6.2.2;
- (v) The capitalisations of debt owing by Keyfield Marine to Darren Kee and debt owing by Keyfield Offshore to Lavin Group, as referred to in (6) and (7) above, were undertaken based on the amount of debt owing by two of our subsidiaries into Shares and issued at the price of RM0.50 per Share, which was a premium over the pro forma NA per Share of Keyfield of RM0.46 per Share as at 31 August 2020 after taking into consideration the acquisitions of Keyfield Offshore, Keyfield Marine and Keyfield Endeavour by Keyfield.

The Shares were issued at a premium after taking into consideration the expected increase in the total consolidated NA of Keyfield Offshore between 31 August 2020 and the date of completion of the Second SPA as well as the future earnings potential of Keyfield Offshore;

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (vi) The Keyfield Offshore NCNRCPS were converted into Keyfield Offshore ordinary shares, as referred to in (8) above, whereby the conversion price of RM1.00 per Keyfield Offshore ordinary shares is the same as the issue price of RM1.00 per Keyfield Offshore NCNRCPS;
- (vii) The chartering of AWBs by Keyfield Offshore from Keyfield Resolute (prior to our acquisition of Keyfield Resolute), as referred to in (9) above, was on the basis that the DCR is only payable when the AWBs are chartered by Keyfield Offshore's customers as provided for under the Master Agreement dated 20 August 2021, whereby our Group will have not any additional financial commitment if these AWBs are not chartered out to our customers;
- (viii) The reimbursement of pre-operating mobilisation and related cost of Commander and Compassion, as referred to in (9) above, was at cost;
- (ix) The acquisition of Keyfield Resolute and capitalisation of amount owing by Keyfield Resolute to Lavin Group amounting to a total RM77.5 million, as referred to in (10) above, which was lower than the cumulative fair market values of Commander and Compassion;
- (x) The interest payable on Keyfield CRNCPS of 3% to Lavin Group, as referred to in (10) above, was lower than the interest payable on our other long-term loans taken to finance the purchases of LS1 and LS2; and
- (xi) The rental paid for the office units which we currently occupy as our head office, as referred to in (11) and (12) above, are based on the prevailing market rental rates for which an office space at the similar location can be rented from non-related parties.

The advances from Lavin Group were unsecured, interest-free and without fixed repayment terms and therefore not on normal commercial terms and not on an arm's length basis. However, these were on terms which were more favourable for our Group. As at the LPD, all the advances from Lavin Group have been fully repaid.

In accordance with the Listing Requirements, our Company will be required to seek our shareholders' approval each time our Group enters into a material related party transaction. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

9. RELATED PARTY TRANSACTIONS (Cont'd)

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.2 OTHER TRANSACTIONS

(i) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the past 3 FYEs, FPE Sep 2023 and up to the LPD.

(ii) Loans and guarantees

Save as disclosed below, there were no outstanding loans and guarantees made to/by us to or for the benefit of any related party for the past 3 FYEs, FPE Sep 2023 and up to the LPD:

(a) Personal guarantees

Darren Kee and Mohd Erwan, being our Promoters, Substantial Shareholders and Executive Directors whilst Kate Ooi, being our Promoter and Substantial Shareholder, had extended personal guarantees for banking facilities extended to our Group. As at the LPD, our Group has already received approvals-in-principle from the respective banks to discharge the above personal guarantees which are conditional upon our Listing, and for these to be replaced by a corporate guarantee from our Company after the successful completion of our Listing.

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9. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Amount due to/from related parties/Directors

(aa) Amount due to/from related parties

The value of all the advances made to our Group and advances from our Group to our Promoters and/or person connected to them for the past 3 FYEs, FPE Sep 2023 and up to the LPD are as follows:

| No. | Transacting parties | Nature of relationship | Nature of transaction | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE Sep 2023 RM'000 | From 1 October 2023 up to LPD RM'000 |
|-------------------------------------|---|---|---|--|----------------------------|----------------------------|--------------------------------|---|
| <u>Advances to the Group</u> | | | | | | | | |
| (1) | <ul style="list-style-type: none"> • Darren Kee • Keyfield Offshore | <ul style="list-style-type: none"> • Darren Kee is a director and was a substantial shareholder of Keyfield Offshore | <ul style="list-style-type: none"> • Advances from Darren Kee to Keyfield Offshore • Expenses paid by Darren Kee on behalf of Keyfield Offshore | <p style="text-align: center;">205 (0.2% of our Group's NA)</p> | - | - | - | - |
| (2) | <ul style="list-style-type: none"> • Kate Ooi • Keyfield Offshore | <ul style="list-style-type: none"> • Kate Ooi was a director and was a substantial shareholder of Keyfield Offshore | <ul style="list-style-type: none"> • Expenses paid by Kate Ooi on behalf of Keyfield Offshore | <p style="text-align: center;">24 (less than 0.1% of our Group's NA)</p> | - | - | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting parties | Nature of relationship | Nature of transaction | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE Sep 2023 RM'000 | From 1 October 2023 up to LPD RM'000 |
|----------------------|---|--|--|---|----------------------------|----------------------------|--------------------------------|---|
| (3) | <ul style="list-style-type: none"> • Naka Bayu • Keyfield Offshore | <ul style="list-style-type: none"> • Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore • Mohd Erwan is a director and substantial shareholder of Naka Bayu • Naka Bayu is a 49%-owned associate company of Keyfield Offshore • Darren Kee is a director of Naka Bayu | <ul style="list-style-type: none"> • Advances from Naka Bayu to Keyfield Offshore | 230 (0.2% of our Group's NA) | - | - | - | - |
| (4) | <ul style="list-style-type: none"> • Mohd Erwan • Keyfield Offshore | <ul style="list-style-type: none"> • Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore | <ul style="list-style-type: none"> • Expenses paid by Mohd Erwan on behalf of Keyfield Offshore | 2 (less than 0.1% of our Group's NA) | - | - | - | - |
| Sub-total (A) | | | | 474 | - | - | - | - |

9. RELATED PARTY TRANSACTIONS (Cont'd)

| Transacting No. parties | Nature of relationship | Nature of transaction | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE Sep 2023 RM'000 | From 1 October 2023 up to LPD RM'000 |
|---|--|--|---|-----------------------------------|---|------------------------------------|---|
| Advances from our Group | | | | | | | |
| (5) | <ul style="list-style-type: none"> • Naka Bayu • Keyfield Offshore | <ul style="list-style-type: none"> • Mohd Erwan is a director and was a substantial shareholder of Keyfield Offshore • Mohd Erwan is a director and substantial shareholder of Naka Bayu • Naka Bayu is a 49%-owned associate company of Keyfield Offshore • Darren Kee is a director of Naka Bayu | <ul style="list-style-type: none"> • Payment by Keyfield Offshore on behalf of Naka Bayu | (176) (0.1% of our Group's NA) | (2) (less than 0.1% of our Group's NA) | - | - |
| Sub-total (B) | | | (176) | (2) | - | - | - |
| Net advances to/(from) our Group | | | 298 | (2) | - | - | - |

Note:

NA Net assets attributable to the owners of the Company.

The advances between the related parties were unsecured, interest-free and without fixed repayment terms, and were therefore not on normal commercial terms and not on an arm's length basis. As at the LPD, all the advances from and to related parties and/or person connected to them have been fully repaid and settled. Our Group will not provide any loans and advances to or for the benefit of related parties moving forward.

9. RELATED PARTY TRANSACTIONS (Cont'd)

(iii) Financial assistance provided for the benefit of a related party

There were no financial assistance provided by us for the benefit of any related party for the past 3 FYEs, FPE Sep 2023 and up to the LPD.

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10. CONFLICT OF INTERESTS

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in other businesses or corporations which are:

- (i) Carrying on a similar or related trade as our Group; or
- (ii) Customers and/or suppliers of our Group.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. Our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nominating Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nominating Committee will:

- (a) Immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;
- (b) Make recommendations to our Board to direct the conflicted Director to:
 - (aa) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (bb) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of the Board, be present at the Board meeting for the purposes of answering any questions.

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10. CONFLICT OF INTERESTS (Cont'd)

10.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Underwriter and Joint Placement Agent for our Listing;
- (ii) Maybank IB, being Joint Placement Agent for our IPO, and its related and associated companies ("Maybank Group") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage service, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group, in addition to the role set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and or any other entity or person, hold long or short otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Malayan Banking Berhad, the holding company of Maybank IB, has extended credit facilities of RM25.0 million to our Group in its ordinary course of business but none of the proceeds from the Public Issue will be used to repay these credit facilities.

Maybank IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as Joint Placement Agent for our IPO due to the following:

- (a) Malayan Banking Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in its ordinary course of business;
- (b) The conduct of Malayan Banking Berhad in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and its own internal controls and checks; and
- (c) The total aggregate outstanding amount owed by our Group to Malayan Banking Berhad as at the LPD is nil and as such is not material when compared to its audited consolidated NA as at 31 December 2022 of RM88.9 billion.

Accordingly, Maybank IB confirms that there is no conflict of interest situation in its capacity as Joint Placement Agent for our IPO;

- (iii) Messrs Tay & Helen Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;

10. CONFLICT OF INTERESTS (Cont'd)

- (iv) Messrs Crowe Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (v) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

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