

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has approved the Proposed Regularisation Plan (as defined herein) contained in this Circular. The approval of Bursa Securities shall not be taken to indicate that Bursa Securities recommends the Proposed Regularisation Plan or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

The Securities Commission Malaysia (“**SC**”) had on 4 June 2024 notified that it has no further comments to the contents of this Circular and independent advice letter (“**IAL**”) for the Proposed Exemption (as defined herein). However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL. The SC is not responsible for the contents of this Circular, does not represent that this Circular is accurate or complete and disclaims any liability for any loss arising from, or due to, your reliance on this Circular.

You should rely on your own evaluation to assess the merits and risks of the Proposed Regularisation Plan.



“the shipping people”

E.A. TECHNIQUE (M) BERHAD
(Registration No.: 199301001779 (256516-W))
(Incorporated in Malaysia)

PART A

CIRCULAR TO THE SHAREHOLDERS IN RELATION TO THE:

- (I) PROPOSED SHARES ISSUANCE (AS DEFINED HEREIN);**
- (II) PROPOSED EXEMPTION (AS DEFINED HEREIN); AND**
- (III) PROPOSED ESS (AS DEFINED HEREIN)**

(COLLECTIVELY, REFERRED TO AS THE “PROPOSED REGULARISATION PLAN”)

PART B

**INDEPENDENT ADVICE LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED EXEMPTION
AND**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



cfSolutions Sdn Bhd

Reg. No. 198501004650 (137090-W)

licensed corporate finance adviser

The Extraordinary General Meeting (“**EGM**”) of EATECH will be held at Key 2, Level 7, St. Giles Southkey Johor Bahru Hotel, Mid Valley Southkey, 1, Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia, on Monday, 24 June 2024 at 1:00 p.m., or immediately after the conclusion of the Company’s 30th Annual General Meeting (“**AGM**”) scheduled to be held at the same venue on the same day at 12:00 p.m., whichever is later, or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf.

The Form of Proxy should be completed and lodged in hard copy form at the Company’s share registrar office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or by electronic form via TIIH Online at <https://tiih.online> (applicable to individual shareholders only), not less than 48 hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 22 June 2024 at 1:00 p.m.
Date and time of the EGM : Monday, 24 June 2024 at 1:00 p.m., or immediately after the conclusion of the Company’s 30th AGM scheduled to be held at the same venue on the same day at 12:00 p.m., whichever is later, or at any adjournment thereof

This Circular is dated 7 June 2024

PART A

- (I) PROPOSED SHARES ISSUANCE OF UP TO 795,750,000 NEW EATECH SHARES (“SUBSCRIPTION SHARES”), REPRESENTING APPROXIMATELY 60.0% OF THE ENLARGED SHARE CAPITAL OF EATECH AFTER THE SHARES ISSUANCE (“PROPOSED SHARES ISSUANCE”);
 - (II) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(b) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS TO DATUK WIRA MUBARAK HUSSAIN BIN AKHTAR HUSIN (ULTIMATE OFFEROR), VOULTIER SDN BHD (OFFEROR) AND PERSON ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING ORDINARY SHARES IN E.A. TECHNIQUE (M) BERHAD (“EATECH”) (“EATECH SHARES” OR “SHARES”) NOT ALREADY OWNED BY THEM ARISING FROM THE ISSUANCE OF SUBSCRIPTION SHARES BY EATECH TO THEM PURSUANT TO THE PROPOSED SHARES ISSUANCE (“PROPOSED EXEMPTION”); AND
 - (III) PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARES SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN EATECH (EXCLUDING ANY TREASURY SHARES) AT ANY POINT IN TIME DURING THE TENURE OF THE SCHEME FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF EATECH AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED ESS”)
- (COLLECTIVELY, REFERRED TO AS THE “PROPOSED REGULARISATION PLAN”)

PART B

INDEPENDENT ADVICE LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED EXEMPTION

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Definitions of General Terms

Act	:	Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
Adjudicated Debt	:	The total estimated debts owing to the scheme creditors amounting to approximately RM262.9 million in relation to the SOA
Announcements	:	The requisite announcements dated 7 November 2023 and 1 December 2023 in relation to the Proposed Regularisation Plan as detailed in Section 1 of Part A of this Circular
Awards	:	Shares Grant and/or ESS Options to be granted to the Selected Persons
Bloomberg	:	Bloomberg Finance Singapore L.P.
Board	:	Board of Directors of EATECH
Bureau Veritas	:	Bureau Veritas SA (Legal Entity Identifier 969500TPU5T3HA5D1F11) a French company and its group of companies specialised in laboratory testing, inspection and certification services
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	The by-laws governing the Proposed ESS, the draft of which is set out in Appendix VI of this Circular
cfSolutions or the Independent Adviser	:	cfSolutions Sdn Bhd (Registration No.: 198501004650 (137090-W))
Circular	:	This Circular dated 7 June 2024 in relation to the Proposed Regularisation Plan
Classification Society	:	An organization that develops official standards for the shipping industry and checks the condition of ships and their equipment to make certain they are safe and meet the official standards of the shipping industry e.g. Bureau Veritas
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time including any re-enactment thereof
Comparable Companies	:	Comparable companies listed on Bursa Securities and involved in the provision of vessel charter hire and related services which the Independent Adviser presently considers to be most similar and relevant to the EATECH Group
COVID-19	:	Coronavirus disease
Dato' Lai	:	Dato' Lai Keng Onn, being a shareholder and director of VSB. For the purposes of the Proposed Exemption, Dato' Lai is a PAC to VSB and Datuk Wira Mubarak
Dato' Sri Wong	:	Dato' Sri Wong Choon Leong, being one of the Subscribers

DEFINITIONS (CONT'D)

Datuk Wira Mubarak	:	Datuk Wira Mubarak Hussain Bin Akhtar Husin, being a shareholder and director of VSB. For the purposes of the Proposed Exemption, Datuk Wira Mubarak is the ultimate offeror
Debt Scenario	:	Assumes that the Company is able to secure additional borrowings to raise RM79.58 million cash (equivalent to total proceeds expected from the Proposed Shares Issuance) in the absence of the Proposed Shares Issuance, for the proposed utilisation set out in Section 3 of Part A of this Circular
Director	:	Director(s) of EATECH as defined in subsection 2(1) of the Act and subsection 2(1) of the CMSA
Divestment Vessels	:	Collectively, Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi, Nautica Maharani and Nautica Muar
EATECH or the Company	:	E.A. Technique (M) Berhad (Registration No.: 199301001779 (256516-W))
EATECH Group	:	EATECH and its subsidiaries, namely Johor Shipyard and Engineering Sdn Bhd (Registration No. 200701041544 (799576-U)) and Libra Perfex Precision Sdn Bhd (Registration No. 200501029305 (711440-P)), further details of which are set out in Section 5 in Appendix I(A) of this Circular
EATECH Shares or the Shares	:	Ordinary shares in EATECH
EATECH Shareholders or the Shareholders	:	Shareholders of EATECH
Effective Date	:	The date on which the Proposed ESS becomes effective in accordance with the By-Laws
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Eligible Directors (including non-executive Directors but shall not include alternate and/or substitute Directors) and/or eligible employees of the EATECH Group (excluding dormant subsidiaries, if any), who meet the criteria of eligibility for participation in the Proposed ESS as set out in the By-Laws. Please refer to Section 5 in Appendix I(A) of this Circular for the details of EATECH's subsidiaries.
Encik Nasrul	:	Encik Nasrul Asni Muhammad Dain, being the Chief Executive Officer of EATECH and one of the Subscribers
EPCIC	:	Engineering Procurement Construction Installation and Commissioning
EPS	:	Earnings per share
Equity Scenario	:	Assuming that the Company implements the Proposed Shares Issuance to raise RM79.58 million cash, for the proposed utilisation set out in Section 3 of Part A of this Circular
ESS or Scheme	:	Employees' shares scheme

DEFINITIONS (CONT'D)

ESS Committee	:	The committee comprising Director(s) and/or senior management of the Group to be approved by the Board to implement and administer the Proposed ESS in accordance with the By-Laws
ESS Offer	:	An offer made in writing to the Selected Persons in relation to the Proposed ESS
ESS Options	:	The right granted to the Participant to exercise and receive a number of EATECH Shares at an exercise price, subject to the terms and conditions of the By-Laws
Exercise Price	:	The exercise price of the ESS Options
External Auditors or Reporting Accountants	:	Messrs KPMG PLT (LLP0010081-LCA & AF 0758), the external auditors of EATECH
FOB	:	Free on board
FPE	:	Financial period ended/ending, as the case may be
FSO	:	Floating storage and offloading
FSU	:	Floating storage unit
FYE	:	Financial year ended/ending, as the case may be
High Court	:	High Court of Malaya
IAL	:	Independent Advice Letter
Kulim Berhad	:	Kulim (Malaysia) Berhad (Registration No.: 197501001832 (23370-V))
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	27 May 2024, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per share
LTD	:	6 November 2023, being the last trading date prior to the announcement in relation to the Proposed Regularisation Plan
Main Market	:	Main Market of Bursa Securities
Malacca Securities or the Principal Adviser	:	Malacca Securities Sdn Bhd (Registration No.: 197301002760 (16121-H))
Maximum Awards	:	The maximum number of Awards to be allotted and issued under the Proposed ESS shall not exceed 10% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point in time for the duration of the Scheme
Market Day	:	A day on which Bursa Securities is open for trading in securities

DEFINITIONS (CONT'D)

MGO	:	Mandatory general offer
MFRS	:	Malaysian Financial Reporting Standards
MMHE	:	Malaysia Marine and Heavy Engineering Sdn Bhd (Registration No.: 197301001012 (14558-P))
Mr Lim	:	Mr Lim Shave Huat, being one of the Subscribers
Mr New	:	Mr New Kok Ho, being the General Manager of Johor Shipyard and Engineering Sdn Bhd
NA	:	Net assets
NL	:	Net liabilities
Non-Interested Shareholders	:	Non-interested shareholders of EATECH in relation to the Proposed Regularisation Plan
O&G	:	Oil and gas
OGSE	:	Oil and Gas Services and Equipment
OPEC	:	Organisation of Petroleum Exporting Countries
OSVs	:	Offshore support vessels
Participants	:	Eligible Persons who have accepted the ESS Offer in relation to the Proposed ESS
PAC(s)	:	Person(s) acting in concert. For the purposes of the Proposed Exemption, Dato' Lai is a PAC to Datuk Wira Mubarak and VSB. For clarification, the other Subscribers, namely, Encik Nasrul, Dato' Sri Wong and Mr Lim are not considered PACs to Datuk Wira Mubarak and VSB
PAT	:	Profit after tax
PBT	:	Profit before tax
PETRONAS	:	Petroleum Nasional Berhad (Registration No.: 197401002911 (20076-K))
PN17	:	Practice Note 17 of the Listing Requirements
PPE	:	Property, plant and equipment and/or property, vessel and equipment
Proposed ESS	:	Proposed establishment of an employees' shares scheme of up to 10% of the total number of issued shares in EATECH (excluding treasury shares, if any) at any point in time during the tenure of the Scheme for eligible Directors and employees of the EATECH Group (excluding dormant subsidiaries, if any)
Proposed Exemption	:	Proposed exemption under subparagraph 4.08(1)(b) of the Rules to Datuk Wira Mubarak (ultimate offeror), VSB (offeror) and PAC with them from the obligation to undertake a mandatory take-over offer for all the remaining EATECH Shares not already owned by them arising from the issuance of Subscription Shares by EATECH to them pursuant to the Proposed Shares Issuance
Proposed Regularisation Plan	:	Collectively, the Proposed Shares Issuance, Proposed Exemption and Proposed ESS

DEFINITIONS (CONT'D)

Proposed Shares Issuance	:	Proposed shares issuance of up to 795,750,000 Subscription Shares, representing approximately 60.0% of the enlarged share capital of EATECH after the shares issuance
Puan Mariam	:	Puan Mariam Binti Puan, being the Chief Financial Officer of EATECH
Record of Depositors	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time including any revision thereof
SC	:	Securities Commission Malaysia
Selected Persons	:	Eligible Persons to whom an ESS Offer has been made under the Proposed ESS
Shares Grant	:	The rights granted to the Participants to have a number of Shares vested in the Participants on the vesting date(s) specified in the ESS Offer, subject to the terms and conditions in the By-Laws and the ESS Offer
Sindora	:	Sindora Berhad (Registration No.: 197201001738 (13418-K))
Sindora Settlement Agreement	:	The Settlement Agreement dated 27 February 2023 entered into between EATECH and Sindora in relation to the total sum of RM44.3 million owing to Sindora
SOA	:	The scheme of arrangement between the Company and its scheme creditors pursuant to section 366 of the Act
Subscriber(s)	:	Collectively, VSB, Encik Nasrul, Mr Lim and Dato' Sri Wong
Subscription Agreement(s)	:	The Shares Subscription Agreements dated 7 November 2023 entered into between EATECH and the Subscribers in relation to the Proposed Shares Issuance
Subscription Price	:	The subscription price of RM0.10 per Subscription Share
Subscription Shares	:	Up to 795,750,000 new Shares to be issued pursuant to the Proposed Shares Issuance
Supplemental Agreement(s)	:	The Supplemental Agreements dated 1 December 2023 entered into between EATECH and the Subscribers in relation to the Proposed Shares Issuance
SWEC	:	Standardised work and equipment categories
USD	:	United States Dollar
VSB	:	Voultier Sdn Bhd (Registration No.: 201401035746 (1111874-W)). For the purposes of the Proposed Exemption, VSB is the offeror
VWAP	:	Volume weighted average market price

Glossary of Financial Terms and Valuation Terms

β	:	Beta is the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa
k_d	:	Cost of debt is the cost of servicing a company's interest-bearing debt obligations
k_e	:	Cost of equity is the rate of return required by the equity investors to compensate for the risks undertaken by their investment in the firm
R_f	:	Risk free rate is the expected rate of return from a risk-free asset
R_m	:	Expected market return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market
WACC	:	Weighted average cost of capital, represents the average cost of financing a company's debt and equity, weighted to its respective use
P/B Multiple	:	A valuation metric which compares a company's market value against its book value
P/E Multiple	:	A valuation metric which compares a company's market value against its earnings

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to "you" in this Circular are to EATECH Shareholder(s).

Any reference in this Circular to any provision of a statute, rule, regulation, enactment, or rule of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment or re-enactment to the statute, rule, regulation, enactment or rule of a stock exchange for the time being in force. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Group's plans and objectives will be achieved.

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PART A

**LETTER TO THE SHAREHOLDERS IN RELATION TO PROPOSED
REGULARISATION PLAN**

EXECUTIVE SUMMARY

The Executive Summary highlights only the salient information of the Proposed Regularisation Plan. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Regularisation Plan before voting at the forthcoming EGM.

Key information	Description	Reference to Part A of this Circular
Details of the Proposed Regularisation Plan	EATECH's Proposed Regularisation Plan will consist of the following:-	
	(i) Proposed shares issuance of up to 795,750,000 Subscription Shares, representing approximately 60.0% of the enlarged share capital of EATECH after the shares issuance;	Section 2.1
	(ii) Proposed Exemption under subparagraph 4.08(1)(b) of the Rules to Datuk Wira Mubarak (ultimate offeror), VSB (offeror) and PAC with them from the obligation to undertake a mandatory take-over offer for all the remaining EATECH Shares not already owned by them arising from the issuance of Subscription Shares by EATECH to them pursuant to the Proposed Shares Issuance; and	Section 2.2
	(iii) Proposed establishment of an employees' shares scheme of up to 10% of the total number of issued shares in EATECH (excluding treasury shares, if any) at any point in time during the tenure of the Scheme for eligible Directors and employees of the EATECH Group (excluding dormant subsidiaries, if any).	Section 2.3

Utilisation of proceeds	<u>Proposed Shares Issuance</u>	Section 3.1
	The Proposed Shares Issuance of up to 795,750,000 Subscription Shares which is expected to raise total proceeds of RM79.58 million and is proposed to be utilised as follows:-	

<u>Details of utilisation</u>	<u>RM'000</u>	<u>Estimated timeframe from date of receipt of proceeds</u>
Repayment pursuant to the SOA	30,988	Within 1 month
Repayment to Sindora	26,000	Within 1 month
General working capital ⁽ⁱ⁾	19,687	Within 24 months
Defray estimated expenses ⁽ⁱⁱ⁾	2,900	Within 2 months
Total proceeds	<u>79,575</u>	

Notes:-

- (i) The general working capital includes, but is not limited to payment to trade creditors, staff costs, other office related expenses and compliance related expenses.
- (ii) Comprised of estimated professional fees payable to the Principal Adviser, reporting accountant, independent market researcher, internal control and risk management reviewer, share registrar and solicitors for the Proposed Regularisation Plan.

Key information	Description	Reference to Part A of this Circular
	<p><u>Proposed ESS</u></p> <p>The Company will not receive any proceeds from the granting of Awards under the Proposed ESS and subsequent allotment and listing of the EATECH Shares pursuant to the Shares Grant.</p> <p>The Company will not receive any proceeds from the ESS Options until such time the ESS Options are exercised by the Participant. The actual proceeds to be received from the ESS Options will be dependent on amongst others, the number of ESS Options exercised at the relevant point in time and the exercise price.</p> <p>Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price of the ESS Options shall be based on the price to be determined by the Board upon the recommendation of the ESS Committee based on the 5-day VWAP immediately preceding the date of the ESS Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the Scheme.</p> <p>EATECH intends to utilise such proceeds arising from the exercise of the ESS Options, if any, as working capital for the EATECH Group.</p>	Section 3.2
Rationale for the Proposed Regularisation Plan	<p>The Proposed Regularisation Plan serves to regularise the financial condition of the Group in order to address and uplift the PN17 status of the Company as follows:-</p> <p>(i) Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it will allow EATECH to raise the requisite funds primarily for the settlement of its creditors under the SOA and to Sindora. Upon settlement of the debts owed to scheme creditors under the SOA and to Sindora, EATECH should be able to recognise a one-off net income of approximately RM127.4 million as a result of the waiver of debts owed to the scheme creditors pursuant to the SOA;</p> <p>(ii) Upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via VSB as VSB will hold a total of 676,387,500 EATECH Shares, representing 51.0% of the total enlarged number of issued shares in EATECH. Accordingly, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for all the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and PAC with them pursuant to subsection 218(2) of the CMSA and paragraph 4.01 of the Rules.</p>	Section 4

Key information	Description	Reference to Part A of this Circular
	<p>As Datuk Wira Mubarak and VSB do not intend to undertake the MGO, the Proposed Exemption will allow them to be exempted from the obligation to undertake the MGO; and</p> <p>(iii) The Company believes it is important to continue to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of the EATECH Group, especially Directors and employees who are working towards regularisation of the EATECH Group's operations and financial condition and the upliftment of EATECH from its PN 17 status.</p>	
Risk factors	<p>The Proposed Regularisation Plan may be affected by the following risks:</p> <p>(i) Delays in the implementation or non-completion of the Proposed Regularisation Plan;</p> <p>(ii) Compliance with the licenses, registration, certificate requirement and Government regulations;</p> <p>(iii) Operational and contractual risks;</p> <p>(iv) Ability to secure new O&G charter contracts;</p> <p>(v) Significant capital investment required;</p> <p>(vi) Dependency on the O&G industry, as well as supply and demand of oil which affects the demand for the Group's services;</p> <p>(vii) Political, economic and regulatory factors; and</p> <p>(viii) COVID-19 pandemic risk</p>	Section 6
Approvals required and conditionality	<p>The Proposed Regularisation Plan is subject to the following approvals being obtained:-</p> <p>(i) Bursa Securities for the following:-</p> <p>(a) the Proposed Regularisation Plan;</p> <p>(b) listing and quotation of the Subscription Shares; and</p> <p>(c) listing and quotation of up to 10% of the total number of issued Shares, to be issued and allotted under the Proposed ESS.</p> <p>(ii) the approval of the SC for the Proposed Exemption; and</p> <p>(iii) Shareholders of EATECH at an EGM to be convened for the Proposed Regularisation Plan.</p>	Section 9

<u>Key information</u>	<u>Description</u>	<u>Reference to Part A of this Circular</u>
	<p>The proposals forming the Proposed Regularisation Plan are inter-conditional upon each other.</p> <p>The Proposed Regularisation Plan is not conditional upon any other corporate proposals to be implemented by the Company.</p>	
Interests of Directors, major shareholders, chief executive and/or persons connected	<p>Save as disclosed below, none of the Directors and/or major shareholder of EATECH and/or Chief Executive and/or persons connected to them have any interest in the proposals comprised within the Proposed Regularisation Plan.</p> <p><u>Proposed Shares Issuance</u></p> <p>Sindora, Kulim Berhad and Johor Corporation ("Interested Major Shareholders"), being major shareholders of EATECH are interested in the Proposed Shares Issuance by virtue that a portion of the proceeds to be raised from the Proposed Shares Issuance is intended to be repaid to Sindora.</p> <p>Accordingly, the aforementioned Interested Major Shareholders will abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions forming the Proposed Regularisation Plan.</p> <p>Encik Nasrul, being the Chief Executive Officer of EATECH and one of the Subscribers, is interested in the Proposed Shares Issuance by virtue of his subscription of 33,156,200 Subscription Shares representing approximately 2.5% of the total enlarged number of issued shares in EATECH.</p> <p>Encik Nasrul will abstain from voting and will undertake to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions forming the Proposed Regularisation Plan.</p> <p><u>Proposed ESS</u></p> <p>Encik Nasrul, being the Chief Executive Officer of EATECH is interested in the proposed allocation of up to 13,262,500 ESS Options to him under the Proposed ESS. Accordingly, he will abstain from voting and will undertake to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolution relation to the proposed allocation to him.</p> <p>As the proposals forming the Proposed Regularisation Plan are inter-conditional upon each other, the Interested Major Shareholders and Encik Nasrul will abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions in relation to the Proposed Regularisation Plan.</p>	Section 10

Key information	Description	Reference to Part A of this Circular
Directors' statement and recommendation	<p>Based on the best knowledge of the Board, barring any unforeseen circumstances and having considered all aspects of the Proposed Regularisation Plan, the Board is of the view that the Proposed Regularisation Plan:-</p> <ul style="list-style-type: none">(i) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused EATECH to trigger the PN17 prescribed criteria;(ii) enables EATECH to regularise its financial condition such that EATECH no longer triggers any of the criteria of paragraph 2.1 of PN17 as detailed in Section 4.7 of Part A of this Circular; and(iii) is fair and reasonable for EATECH and its shareholders and will increase the shareholders' value after completion of the Proposed Regularisation Plan. <p>The Board, having considered all aspects of the Proposed Regularisation Plan, including but not limited to the rationale, financial effects and risk factors of the Proposed Regularisation Plan as well as the evaluation by the Independent Adviser on the Proposed Exemption, is of the opinion that the Proposed Regularisation Plan is in the best interest of the Company and its shareholders.</p> <p>Accordingly, the Board recommends that shareholders vote in favour of the resolutions pertaining to the Proposed Regularisation Plan to be tabled at the forthcoming EGM.</p>	Section 12

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"the shipping people"

E.A. TECHNIQUE (M) BERHAD
(Registration No.: 199301001779 (256516-W))
(Incorporated in Malaysia)

Registered Office:
Level 11, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor Darul Takzim

7 June 2024

Board of Directors:

Dato' Mohd Redza Shah Abdul Wahid (*Independent Non-Executive Chairman*)
Datuk Mohd Nasir Ali (*Independent Non-Executive Director*)
Rozan Mohd Sa'at (*Independent Non-Executive Director*)
Ir. Dr Mohd Shahreen Zainooreen Madros (*Independent Non-Executive Director*)
Aziah Ahmad (*Non-Independent Non-Executive Director*)

To: The Shareholders of E.A. Technique (M) Berhad

Dear Sir/Madam,

PROPOSED REGULARISATION PLAN

1. INTRODUCTION

On 25 February 2022, the Board announced that EATECH is an affected listed issuer as EATECH had triggered the criteria prescribed under paragraph 8.04 and paragraph 2.1(e) of PN17, whereby its shareholders' equity as at 31 December 2021 of RM5.9 million is less than 50% of its share capital of RM179.8 million and the auditors have highlighted a material uncertainty related to going concern in its latest audited financial statement for the financial year ended 31 December 2020.

EATECH had triggered the following PN17 prescribed criteria:-

(i) Paragraph 2.1(a)

The shareholders' equity of the Company on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million. EATECH's shareholders' equity as at 31 December 2021 of RM17.5 million is less than 25% of its share capital of RM179.8 million.

(ii) Paragraph 2.1(e)

The Group's external auditors at the material time, Ernst & Young PLT ("**EY**") had expressed a material uncertainty due to going concern on the EATECH Group and the Company's ability to continue as a going concern for the year ended 31 December 2020. The Group and the Company had reported a net loss of RM105.5 million and RM100.9 million respectively for the year ended 31 December 2020, and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM393.3 million and RM433.9 million respectively.

The financial performance of the Group and of the Company was impacted by the outcome of an arbitration proceeding which commenced on 27 December 2018 between the Company and MMHE whereby the arbitration tribunal has awarded a final award dated 10 November 2020 (“**Final Award**”) which requires the Company to pay MMHE a total of USD29.5 million and costs in the sum of RM4.7 million together with interest at 5% per annum from date of Final Award to the date of full payment. On 8 March 2021, the Company and MMHE entered into a settlement agreement where both parties agreed on a settlement sum of USD25.5 million to be repaid based on the terms as stipulated in the settlement agreement.

(iii) Paragraph 2.1(d)

Subsequent thereto, EATECH further triggered paragraph 2.1(d) of PN17. For the year ended 31 December 2021, the Group’s external auditors at the material time, EY had expressed a disclaimer of opinion on the financial statements of the Group and of the Company.

EATECH’s shareholders’ equity as at 31 December 2021 of RM17.5 million was less than 50% of its share capital of RM179.8 million. The Group and the Company reported a net loss of RM150.6 million and RM161.2 million respectively for the year ended 31 December 2021. As at 31 December 2021, the Group’s and the Company’s current liabilities exceeded their current assets by RM405.3 million and RM416.9 million respectively, but the Group and the Company only had cash and bank balances of RM6.4 million and RM5.5 million respectively.

EY mentioned that these events and conditions indicated the existence of material uncertainty that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern.

On 1 June 2022, the Company had appointed Malacca Securities as the principal adviser for the Proposed Regularisation Plan.

On 5 December 2022, the Company had at a creditors’ Court Convened Meeting pursuant to section 366 of the Act, obtained the approval of the requisite majority in value of the creditors present and voting to undertake the SOA between the Company and its scheme creditors. On 4 January 2023, EATECH obtained the order from the High Court pursuant to section 366 of the Act to sanction the SOA. On 12 January 2023, the SOA became effective following the lodgement of the office copy of the order with the Companies Commission of Malaysia. Kindly refer to **Section 1.1** below for further information on the SOA.

On 9 February 2023, the Company submitted an extension application to Bursa Securities for a 6 months extension from 24 February 2023 to submit its regularisation plan. Bursa Securities had vide its letter dated 2 March 2023, resolved to grant the Company the said extension of time.

On 13 March 2023, Malacca Securities had, on behalf of the Board, announced the Company’s requisite announcement comprising the proposed shares consolidation of 15 EATECH Shares into 1 consolidated share and thereafter, the proposed shares issuance to the investors.

On 17 March 2023, Malacca Securities had, on behalf of the Board, announced that the application in relation to the proposed regularisation plan had been submitted to Bursa Securities.

On 11 April 2023, Malacca Securities had, on behalf of the Board, announced the following revisions to the proposed regularisation plan:-

- (i) to include the proposed mandatory general offer by Tan Sri Abdul Rashid bin Abdul Manaf (“**Tan Sri Rashid**”) and Eco Offshore Services Sdn Bhd to acquire all the remaining EATECH Shares not owned by them and their persons action in concert as part of the proposed regularisation plan; and
- (ii) to undertake the proposed private placement, if required,

and due to the aforementioned revisions, had on even date withdrawn the application in relation to the proposed regularisation plan submitted on 17 March 2023.

On 26 April 2023, Malacca Securities had, on behalf of the Board, announced that the revised application in relation to the proposed regularisation plan had been submitted to Bursa Securities.

On 24 July 2023, Malacca Securities had, on behalf of the Board, announced the withdrawal of the application submitted on 26 April 2023 following the termination of the subscription agreements between the Company and the investors, namely Eco Offshore Services Sdn Bhd, Tan Sri Abdul Halim bin Ali and Khiruddin Ibrahim bin Said.

On 10 August 2023, the Company had submitted an application for an extension of time to Bursa Securities to submit a regularisation plan to the regulatory authorities. On 4 September 2023, Malacca Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 4 September 2023 resolved to grant the Company an extension of time of 6 months up to 23 February 2024 to submit a regularisation plan to the regulatory authorities.

EATECH had on 19 September 2023 completed the Asset Disposal Program (as defined in **Section 1.1** below).

On 7 November 2023, Malacca Securities had, on behalf of the Board, announced the requisite announcement and that EATECH had entered into the Subscription Agreements with the respective Subscribers to subscribe for a total of 795,750,000 Subscription Shares at a subscription price of RM0.09 each.

On 10 November 2023, Malacca Securities had, on behalf of the Board, submitted the revised application in relation to the Proposed Regularisation Plan consisting of the Proposed Shares Issuance, Proposed Exemption and Proposed ESS to Bursa Securities. For information, the previous proposed regularisation plan comprised of a proposed shares consolidation, proposed shares issuance, proposed MGO and proposed private placement.

On 1 December 2023, Malacca Securities had, on behalf of the Board, announced that EATECH and the Subscribers had entered into the Supplemental Agreements to revise the Subscription Price set out in the Subscription Agreements from RM0.09 to RM0.10 each.

On 30 May 2024, Malacca Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 30 May 2024 approved the Proposed Regularisation Plan as well as the:-

- (i) listing and quotation of the Subscription Shares to be issued pursuant to the Proposed Shares Issuance on the Main Market of Bursa Securities; and
- (ii) listing and quotation of the new EATECH Shares, representing up to 10% of the total number of issued shares of EATECH (excluding treasury shares, if any) to be issued pursuant to the Proposed ESS,

subject to the conditions set out in **Section 9** of Part A of this Circular.

Pursuant to the Proposed Exemption, EATECH had on 7 November 2023 appointed cfSolutions as the Independent Adviser to advise the Non-Interested Shareholders on the fairness and reasonableness of the Proposed Exemption and whether the Non-Interested Shareholders of EATECH should vote in favour of the resolution in respect of the Proposed Exemption.

The SC had on 4 June 2024, given its notification that the SC had no further comments to the contents of this Circular and the IAL for the Proposed Exemption. The notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the IAL.

1.1 Details of the SOA

On 28 February 2022, EATECH announced that it had obtained from the High Court a Restraining Order pursuant to subsection 368(1) of the Act and an order to convene a creditors' Court Convened Meeting pursuant to subsection 366(1) of the Act, as part of EATECH's overall restructuring and rehabilitation plan by way of a SOA with its creditors.

As detailed in the explanatory statement dated 11 November 2022 issued pursuant to the SOA, the Company will undertake the following:-

(i) Asset Disposal Program

The Asset Disposal Program entails the divestment of 5 vessels, namely, Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi, Nautica Maharani and Nautica Muar (collectively, the "**Divestment Vessels**") to raise estimated proceeds of approximately RM105.78 million. The Company has estimated that after netting the necessary expenses for EATECH's ordinary course of business expenditure, capital expenditure and transaction costs and expenses for the Asset Disposal Program, EATECH will have approximately proceeds of RM46.0 million from the Asset Disposal Program.

As at LPD, the divestment of all the Divestment Vessels have been completed.

As at LPD, EATECH had received total proceeds amounting to RM40.08 million (inclusive of the RM10.46 million security deposit paid to an escrow agent (kindly refer to **Section 4** of **Appendix VII** of this Circular for further information)) from the Asset Disposal Program.

(ii) Fund raising exercise

The fund raising exercise will be undertaken as part of EATECH's regularisation plan to raise proceeds of approximately RM50.0 million. Further details of the Proposed Regularisation Plan are set out in **Section 2** below.

As at the cut-off date of the SOA, total debts owing to the scheme creditors amounted to approximately RM259.4 million. The proposed estimated return to the scheme creditors represents approximately 27.4% of the Adjudicated Debt. For illustration purposes, this amounts to approximately RM71.1 million. For clarification, the said sum of RM71.1 million is an estimate as it is dependent on the final proceeds received from the Asset Disposal Program after accounting for the final settlement sum from the Notice of Application filed by Karina Shipping Ltd against EATECH detailed in **Section 4** of **Appendix VII** of this Circular.

Pursuant to the SOA, the settlement shall be deemed full and final settlement of all claims. Thereafter, each and every scheme creditor shall not have any claim against EATECH or EATECH's Directors.

On 19 September 2023, the Asset Disposal Program was completed and EATECH received total proceeds amounting to RM40.08 million, inclusive of the RM10.46 million security deposit paid to escrow agent in relation to the Notice of Application filed by Karina Shipping Ltd against EATECH to stay the sale of Nautica Muar, one of the Divestment Vessels. Nonetheless, the final amount is dependent on the results of the case. Please refer to **Section 4 of Appendix VII** of this Circular for further information relating to the case.

For information, the summary of the proposed settlement to the scheme creditors are as follows:-

	Debts owed as per proof of debt exercise		Amount to be waived		Net amount recoverable by creditors ⁽ⁱⁱⁱ⁾
	(RM'000)	(RM'000)	(%)	(RM'000)	(RM'000)
Shareholders					
Johor Corporation ⁽ⁱ⁾	1,232	894	72.6%		338
Sindora	164,220	119,230	72.6%		44,990
Kulim Berhad	781	567	72.6%		214
Datin Hamidah binti Omar	4,755	3,452	72.6%		1,303
Dato' Abdul Hak bin Md. Amin	10,536	7,650	72.6%		2,886
Subtotal	181,524	131,793			49,731
Subsidiaries ⁽ⁱⁱ⁾					
Johor Shipyard and Engineering Sdn Bhd	19,629	14,251	72.6%		5,378
Libra Perfex Precision Sdn Bhd	2,333	1,694	72.6%		639
Subtotal	21,962	15,945			6,017
Other scheme creditors					
Trade					
- MMHE	13,346	9,690	72.6%		3,656
- Others	40,261	29,231	72.6%		11,030
Non-trade	2,301	1,671	72.6%		630
Subtotal	55,908	40,592			15,316
Total	259,394	188,330			71,064

Notes:-

- (i) Johor Corporation is the ultimate shareholder of EATECH via Kulim Berhad and Sindora.
- (ii) The amount due to the subsidiaries are trade and non-trade related.
- (iii) The final amount recoverable by creditors is dependent on the outcome of the Karina Shipping Ltd litigation against EATECH.

1.2 Events that led EATECH to be an affected listed issuer pursuant to PN17

In December 2014, the Group secured a contract to provide EPCIC works for the conversion of a vessel to a floating storage and offloading facility in the North Malay Basin. In June 2018, EATECH contracted MMHE to provide demolition, refurbishment and conversion services of a donor vessel, which forms part of the scope of work under the EPCIC. The said contract was protracted due to disputes between the Company and MMHE arising due to multiple variation orders to the project scope, which led to payment claims and counter claims filed by both parties. Following several litigation proceedings, on 8 March 2021, the parties executed a settlement agreement for the sum of USD25.5 million to be paid by EATECH to MMHE as full and final settlement of the disputes between the parties. As a result, the external auditors of EATECH at the material time, EY, had expressed material uncertainty related to going concern for the year ending 31 December 2020. For information, the Group had up until the execution of the settlement agreement with MMHE in 2021 (i.e. between FYE 31 December 2019 to FYE 31 December 2021), made provisions for the anticipated judgment sum to be paid to MMHE. Subsequently, the Group had adjusted the provisions to match the final settlement amount of RM101.7 million pursuant to the settlement agreement. In addition, due to the dispute with MMHE, the Group had from FYE 31 December 2018 to FYE 31 December 2022, incurred a total of RM7.5 million for legal expenses.

Additionally, the EATECH Group had recorded declining revenues over the last 4 financial years from RM419.0 million in FYE 31 December 2018 to RM160.6 million in FYE 31 December 2021. The Group also recorded declining profit after tax over the last 4 financial years from RM74.2 million in FYE 31 December 2018 to a loss after tax of RM150.6 million in FYE 31 December 2021. This was due to the historical volatility of crude oil prices which affected the overall demand of services offered by the Group. This was further exacerbated by the COVID-19 pandemic which resulted in border closures, lockdown and supply chain disruption not just globally but across all sectors. In addition, there was increase in vessels' impairment loss as certain vessels were idle, aged or had been decommissioned during FYE 31 December 2021.

The external auditors of EATECH at the material time, EY had for the FYE 31 December 2021 expressed a disclaimer of opinion on the financial statements of the Group and the Company on the basis that the Group and the Company reported net losses and a net current liability position. These events and conditions indicated the existence of material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

To manage the claims on debts directed against EATECH by creditors, EATECH obtained a Restraining Order pursuant to subsection 368(1) of the Act as part of the Company's overall restructuring and rehabilitation plan by way of a proposed scheme of arrangement ("**SOA**"). EATECH had since undertaken the SOA as part of its restructuring plan and had in December 2022, obtained approval of 90.95% of the approval in value from the scheme creditors at the creditors' court convened meeting for the SOA.

For the FYE 31 December 2022, EATECH's existing external auditors, KPMG PLT have expressed an opinion that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022. KPMG PLT had also highlighted a material uncertainty related to going concern in view that the Group's and the Company's current liabilities exceeded their current assets by RM262.9 million and RM277.5 million respectively. Nevertheless, the Group and the Company have prepared the financial statements by applying the going concern assumption in consideration of the following assumptions, plans and activities:

- (i) the ability of the Company to locate buyer and timely completion of the planned disposal of vessel;
- (ii) the ability of the Company to successfully obtain the approval of the regularisation plan from Bursa Securities which comprises a shares consolidation and shares issuance and the successful and timely implementation of the regularisation plan; and

- (iii) the ability of the Group and the Company to retain profitable operations, generate sufficient cash inflows from their operations and to successfully obtain extension of the expiring contracts.

For the avoidance of doubt, the external auditors' opinion is not modified in respect of the Company's material uncertainty related to going concern.

The purpose of this Circular is to provide shareholders with the relevant information on the Proposed Regularisation Plan and to seek shareholders' approval for the resolutions pertaining to the Proposed Regularisation Plan to be tabled at the Company's forthcoming EGM. The Notice of the EGM and the Form of Proxy are enclosed together with this Circular.

Shareholders are advised to read and carefully consider the contents of this Circular together with the appendices contained herein before voting on the resolutions pertaining to the Proposed Regularisation Plan to be tabled at the Company's forthcoming EGM.

2. PROPOSED REGULARISATION PLAN

The Board proposes to implement the Proposed Regularisation Plan in the following order:

- (i) Proposed Shares Issuance;
- (ii) Proposed Exemption; and
- (iii) Proposed ESS.

2.1 PROPOSED SHARES ISSUANCE

The Proposed Shares Issuance entails the issuance of up to 795,750,000 Subscription Shares to the Subscribers and raising proceeds of up to RM79,575,000.

The Subscription Shares represent approximately 60.0% of the enlarged share capital after the completion of the Proposed Shares Issuance.

For illustration, upon completion of the Proposed Shares Issuance, the issued share capital of EATECH will increase from 530,500,000 EATECH Shares to 1,326,250,000 EATECH Shares.

The Proposed Shares Issuance was contemplated as part of EATECH's efforts to procure investors to raise the requisite funding for purposes set out in **Section 3** below. Following the withdrawal of the regularisation plan application submitted to Bursa Securities on 26 April 2023, the Company had received several proposals from interested investors to participate in EATECH's regularisation plan. After deliberation and negotiation with the interested investors, the Board of EATECH had concluded that the proposal by VSB is in the best interest of EATECH and its shareholders. In deciding, the Board had considered, amongst others, the following:-

- (i) sufficiency of the proceeds derived from the fund raising exercise to address the Group's funding requirements set out in **Section 3** below;
- (ii) the reputation of the investors; and
- (iii) the complexity of the proposals and the expected timing of completion of implementation of the proposals to ensure EATECH receives the requisite funding to pay its scheme creditors and major shareholder, Sindora pursuant to the SOA.

2.1.1 Shares issuance arrangement

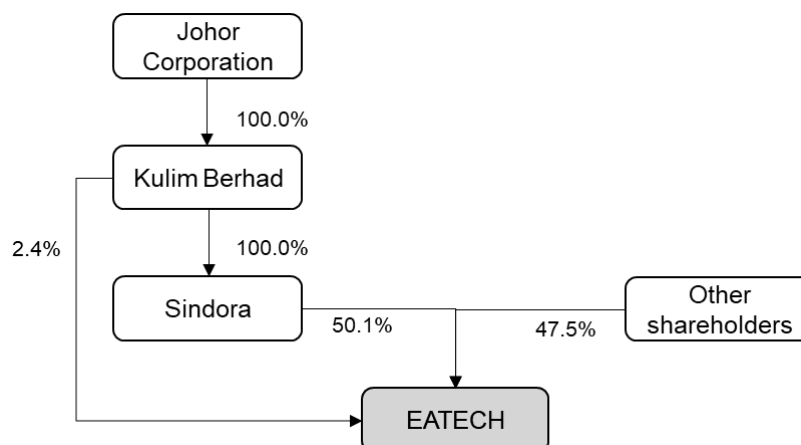
EATECH had entered into Subscription Agreements on 7 November 2023 and Supplemental Agreements on 1 December 2023 with the following Subscribers to subscribe for up to 795,750,000 Subscription Shares at the Subscription Price of RM0.10 each:-

<u>Subscribers</u>	<u>No. of Subscription Shares</u>	<u>% of Subscription Shares</u>	<u>% of enlarged share capital</u>
1. VSB	676,387,500	85.0	51.0
2. Encik Nasrul	33,156,200	4.2	2.5
3. Mr Lim	53,050,100	6.6	4.0
4. Dato' Sri Wong	33,156,200	4.2	2.5
	795,750,000	100.0	60.0

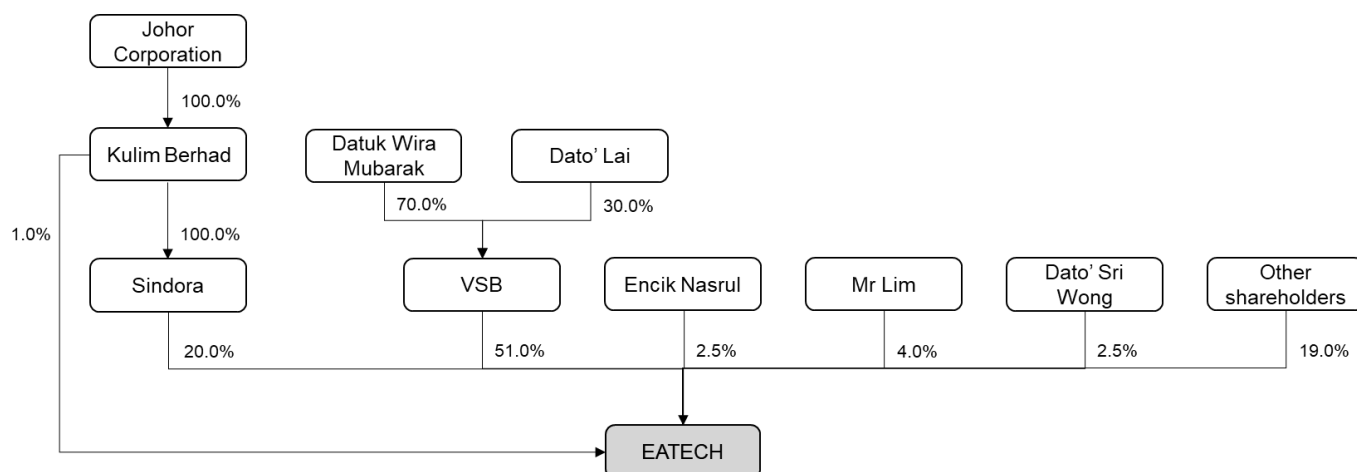
(collectively, referred to as the “**Subscribers**”)

The diagrams depicting the corporate structure (based on direct shareholdings) of EATECH before and after the Proposed Shares Issuance are as follows:-

As at LPD



After the Proposed Shares Issuance



The Subscribers have confirmed via a declaration that they have sufficient financial resources to fulfil their commitment to subscribe for the Subscription Shares and such confirmation has been verified by Malacca Securities, being the Principal Adviser for the Proposed Regularisation Plan.

The Subscribers received a letter of support from licensed financiers respectively indicating their interest to support the Subscribers for the purpose of financing their obligations pursuant to the Subscription Agreement, subject to, amongst others, the following:-

- (i) all relevant approvals having been obtained by EATECH for the implementation of the Proposed Shares Issuance; and
- (ii) terms and conditions to be agreed between the Subscribers and the respective financial institutions.

The salient terms of the Subscription Agreement are set out in **Appendix II** of this Circular.

The relevant approvals required to be obtained by EATECH for the implementation of the Proposed Shares Issuance are set out in **Section 9** of Part A of this Circular.

2.1.2 Details of the Subscribers

(i) VSB

VSB was incorporated in Malaysia on 3 October 2014 as a private company under the Companies Act, 1965 and is deemed to be validly incorporated under the Act. As at LPD, VSB's principal activities are investment holding and investment in shares in listed and unlisted companies.

As at LPD, VSB has an issued share capital of RM2,000,000 comprising 2,000,000 ordinary shares in VSB.

As at LPD, the shareholder and directors of VSB are as follows:-

<u>Name</u>	<u>Designation</u>	<u>No. of VSB shares</u>	<u>% shareholdings</u>
Datuk Wira Mubarak	Shareholder/ Director	1,400,000	70.0
Dato' Lai	Shareholder/ Director	600,000	30.0
		<u>2,000,000</u>	<u>100.0</u>

As at LPD, VSB has not commenced operations.

Datuk Wira Mubarak

Datuk Wira Mubarak, aged 47, a Malaysian, is a businessman and holds an Executive Master of Applied Management of Science from Asia E University.

He commenced his career as Managing Director at number of companies starting with Seri Jaya Perkasa Sdn Bhd since 11 May 2000 which is mainly involved in construction and property development. On 18 October 2005, he founded MN Millennium Security Sdn Bhd, a company involved in the supply of security services. On 3 October 2014, he furthered his investment holdings via VSB. Additionally, in 2017, he successfully set up Proficient Expert Management Sdn Bhd which specialises in human resource consultancy services.

Throughout his business career, he is experienced in strategic thinking, risk management and has successfully managed numerous projects, from planning, design, construction, setting-up as well as the day-to-day operation.

He also holds several directorships and shareholdings in private companies. Please refer to **Section 17.3 of Appendix I(C)** of this Circular for further information on Datuk Wira Mubarak's involvement in private companies. For the avoidance of doubt, as at LPD, Datuk Wira Mubarak is not involved in any business as a director and/or shareholder which is in a similar business/ service provided by the EATECH Group.

As at LPD, Datuk Wira Mubarak and/or persons connected to him are not connected to EATECH.

In relation to the Proposed Exemption, Datuk Wira Mubarak is the ultimate offeror by virtue of him being the controlling shareholder of VSB.

Dato' Lai

Dato' Lai, aged 55, a Malaysian, is the Group Managing Director of Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ("**KAB**"). KAB is primarily involved in the provision of mechanical & electrical engineering services and provision of clean energy, renewable energy and energy efficient solutions.

He holds a Bachelor's Degree of Science in Construction Management from Greenwich University. Dato' Lai started his career as a project manager at Wira Teknik Sdn Bhd from 1990 to 1996. On 24 February 1997, he founded Kejuruteraan Asastera Sdn Bhd. He led the company towards its listing on the ACE Market on 17 November 2017 and subsequently to the Main Market of Bursa Securities on 28 August 2020. In 2018, KAB Group ventured into the power generation segment.

Dato' Lai is also experienced in corporate planning & development, risk management, due diligence, deal structuring and transactions.

He also holds several directorships and shareholdings in private companies. Please refer to **Section 17.3 of Appendix I(C)** of this Circular for further information on Dato' Lai's involvement in private companies. For the avoidance of doubt, as at LPD, Dato' Lai is not involved in any business as a director and/or shareholder which is in a similar business/ service provided by the EATECH Group.

Dato' Lai is considered as a PAC to VSB and Datuk Wira Mubarak for the Proposed Exemption by virtue of his 30.0% equity interest in VSB, pursuant to subsection 216(3)(f) of the CMSA. As at LPD, save for the common directorship and shareholding in VSB and the common directorship in KAB, Dato' Lai is not otherwise connected to Datuk Wira Mubarak.

As at LPD, Dato' Lai and/or persons connected to him are not connected to EATECH.

(ii) **Encik Nasrul**

Kindly refer to **Section 5.3.2(i)** below for further information on Encik Nasrul.

As 33,156,200 or equivalent to 4.2% of the total Subscription Shares are proposed to be placed to Encik Nasrul, the Chief Executive Officer of EATECH, the Company will seek its shareholders' approval at a general meeting for the specific allotment to Encik Nasrul pursuant to subparagraph 6.06(1) of the Listing Requirements.

(iii) **Mr Lim**

Mr Lim, Malaysian, aged 40, is the founder and director of Shuen Huat Trading Sdn Bhd, a company founded in 2004 involved in transportation. He has also started to be involved in oil palm trading business in 2008.

He is a director and/or shareholder of several private companies. For the avoidance of doubt, as at LPD, Mr Lim is not involved in any business as a director and/or shareholder which is in a similar business or services provided by the EATECH Group.

As at LPD, Mr Lim and/or persons connected to him do not hold any EATECH Shares and are not connected to EATECH as well as to any of the other Subscribers.

As at LPD, Mr Lim is not a PAC to VSB and/or Datuk Wira Mubarak pursuant to subsection 216(2) and 216(3) of the CMSA.

(iv) Dato' Sri Wong

Dato' Sri Wong, Malaysian, aged 42, is the founder of Ungguh Holdings Sdn Bhd, a company established in 2012 which is involved in sale and purchase of real estate land development. Ungguh Holdings Sdn Bhd also owns a software company, Property Genie Sdn Bhd, which is dedicated towards property management. Dato' Sri Wong is also the founder of Stamford Asia Creative Sdn Bhd, a company established in 2013 which is involved in the sale, marketing and research and development of cloud based solutions.

Dato' Sri Wong has garnered working experience in banks in Singapore. Dato' Sri Wong is also experienced in transactions, operations management, business planning, and development.

He is also a director and/or shareholder of several private companies. For the avoidance of doubt, as at LPD, Dato' Sri Wong is not involved in any business as a director and/or shareholder which is in a similar business or services provided by the EATECH Group.

As at LPD, Dato' Sri Wong and/or persons connected to him do not hold any EATECH Shares and are not connected to EATECH as well as to any of the other Subscribers.

As at LPD, Dato' Sri Wong is not a PAC to VSB and/or Datuk Wira Mubarak pursuant to subsection 216(2) and 216(3) of the CMSA.

2.1.3 Basis of determining and justification for the Subscription Price

The Subscription Price of RM0.10 per Subscription Share was negotiated and determined by the Company after taking into consideration the following:-

- (i) the immediate funding requirements of the Group to fund the purposes set out in **Section 3** of Part A of this Circular;
- (ii) EATECH's unaudited consolidated NA of RM52.8 million and NA per Share of RM0.10 as at 30 June 2023, being the latest financial results announced by EATECH prior to the Subscription Agreements being entered into;
- (iii) the 5-day VWAP of EATECH Shares up to LTD of RM0.3259; and
- (iv) the closing market price of EATECH Shares at RM0.07 each on 24 February 2022, being the last trading day prior to the Company's first announcement of PN17.

The Board had also considered the current offer by the Subscribers being higher than the previous offer by Tan Sri Rashid at an effective price of RM0.075 per Subscription Share which formed EATECH's previous regularisation plan. The Proposed Shares Issuance now enables EATECH to raise a higher quantum of proceeds of RM79.6 million as compared to RM60.0 million under the previous offer by Tan Sri Rashid.

For information, EATECH had on 3 October 2022, received a letter from Tan Sri Rashid indicating his offer of up to RM50.0 million for a 50% equity stake in EATECH to support EATECH's restructuring and subsequently on 20 December 2022, EATECH received an update offer from Tan Sri Rashid of up to RM60.0 million for a 60% equity stake in EATECH to support EATECH's restructuring. Following further negotiations between the parties, Tan Sri Rashid was agreeable to subscribe for a 53% equity stake in EATECH for RM53.0 million at an issue price of RM0.075 per share. The previous proposed regularisation plan involving Tan Sri Rashid was submitted on 26 April 2023 and was subsequently withdrawn on 24 July 2023 following the termination of the subscription agreements between the Company and the investors.

The Subscription Price represents a discount to the historical VWAP of EATECH Shares up to and including LTD and LPD as follows:-

	<u>VWAP</u>	<u>(Discount) / Premium</u>	
	<i>RM</i>	<i>RM</i>	%
VWAP up to and including LTD:-			
5-day	0.3259	0.2259	(69.3)
1-month	0.3160	0.2160	(68.4)
3-month	0.2669	0.1669	(62.5)
6-month	0.2382	0.1382	(58.0)
12-month	0.2354	0.1354	(57.5)
VWAP up to and including LPD:-			
5-day	0.3700	(0.2700)	(73.0)
1-month	0.3580	(0.2580)	(72.1)
3-month	0.3369	(0.2369)	(70.3)
6-month	0.3190	(0.2190)	(68.7)
12-month	0.2846	(0.1846)	(64.9)
	<u>Traded Price</u>	<u>(Discount) / Premium</u>	
	<i>RM</i>	<i>RM</i>	%
Since 25 February 2022 up to LPD			
Highest (23 May 2024)	0.4100	(0.3100)	(75.6)
Lowest (23 June 2022)	0.0250	0.0750	300.0
Average	0.1850	(0.0850)	(45.9)

The Board takes cognisance that, notwithstanding the discount of between 57.5% to 75.6% over the aforementioned historical prices of EATECH Shares, the Subscription Price is reasonable premised on the following:-

- (i) It enables EATECH to procure the interest and commitment of the Subscribers, in particular VSB, as well as to ensure that EATECH will be able to raise the proceeds for the purposes as set out in **Section 3** of Part A of this Circular;
- (ii) Potential investors are wary of investing in a PN17 entity and any such investors should be sophisticated investors which are aware of the risk of investing in EATECH. For information, VSB is deemed a sophisticated investor by virtue of its shareholders, i.e. Datuk Wira Mubarak and Dato' Lai, both of whom are high-net worth individuals as prescribed under subsection 16(a) of Schedule 6 and subsection 16(a) of Schedule 7 of the CMSA;
- (iii) The Subscription Price represents a discount of less than 10% to the audited NA of the EATECH Group as at 31 December 2023 of RM0.11 (i.e. discount of 9.1%);
- (iv) The Subscription Price is at a premium to the last traded price of EATECH Shares of RM0.07 each on 24 February 2022, being the last trading day prior to the Company's first announcement of PN17; and
- (v) The Subscription Price by the Subscribers allows EATECH to raise the highest amount of funds as compared to all offers received by EATECH from interested investors to date.

2.1.4 Ranking of the Subscription Shares

The Subscription Shares shall, upon allotment and issuance, carry the same rights and rank equally in all respects with the existing EATECH Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the registered holders of EATECH Shares, the relevant entitlement date is prior to the date of issuance and allotment of the said Subscription Shares.

2.1.5 Listing and quotation for the Subscription Shares

Bursa Securities had vide its letter dated 30 May 2024, approved the application for the listing and quotation for the Subscription Shares, subject to the conditions set out in **Section 9** of Part A of this Circular.

2.2 PROPOSED EXEMPTION

EATECH had on 7 November 2023, entered into the Subscription Agreement with amongst others, VSB in respect of the Proposed Shares Issuance. Upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via VSB as VSB will hold a total of 676,387,500 EATECH Shares, representing 51.0% of the total enlarged number of issued shares in EATECH. For shareholders' information, the Subscription Agreement is conditional upon the fulfilment of all the conditions precedent set out in **Appendix II** of this Circular. Accordingly, upon the Subscription Agreement becoming unconditional, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for all the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and PACs with them pursuant to subsection 218(2) of the CMSA and paragraph 4.01 of the Rules.

Pursuant to the Proposed Exemption, VSB is the offeror and Datuk Wira Mubarak is the ultimate offeror by virtue of him being the controlling shareholder of VSB. For the purposes of the Proposed Exemption, only Dato' Lai is a PAC by virtue of his shareholdings and directorship in VSB. For avoidance of doubt, VSB, Datuk Wira Mubarak and Dato' Lai are not connected to any of the Subscribers.

As Datuk Wira Mubarak and VSB have no intention of undertaking the MGO, they intend to seek an exemption pursuant to subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the MGO.

Datuk Wira Mubarak and VSB intend to maintain the listing status of EATECH on the Main Market of Bursa Securities and presently do not have any plans to dismiss or make redundant the existing employees of the EATECH Group. However, after the implementation of the Proposed Regularisation Plan, if necessary, Datuk Wira Mubarak and VSB will engage in discussions with EATECH's management to undertake steps to streamline and/or improve efficiency of the operations of the EATECH Group, which may include amongst others, changes in employees' employment and deployment.

For clarification, notwithstanding the other Subscribers, namely, Encik Nasrul, Dato' Sri Wong and Mr Lim will be issued Subscription Shares pursuant to the Proposed Shares Issuance and the Proposed Shares Issuance is inter-conditional upon the other proposals forming the Proposed Regularisation Plan, they are not considered PACs to Datuk Wira Mubarak and VSB under subsection 216(2) and 216(3) of the CMSA for the following reasons:-

- (i) they do not have any common dealings, directorships or relationships with Datuk Wira Mubarak and VSB;
- (ii) they are funding their investment in EATECH on their own merit;
- (iii) there is no other agreement, arrangement or understanding between them and Datuk Wira Mubarak and VSB;

- (iv) there is no indication that they are a party who is accustomed to act in accordance to instruction of Datuk Wira Mubarak and VSB;
- (v) Encik Nasrul has been part of EATECH's management team prior to VSB's investment proposal. Dato' Sri Wong and Mr Lim have no intention to be part of EATECH's management team;
- (vi) subsection 216(2) of the CMA states the parties are considered PACs "pursuant to an agreement, arrangement or understanding, co-operate to –
 - (a) acquire jointly or severally voting shares of a company for the purpose of obtaining control of that company; or
 - (b) act jointly or severally for the purpose of exercising control over a company."

In this instance, Datuk Wira Mubarak would have gained control and/or be able exercise control of EATECH based on his own anticipated shareholdings of 51% after the Proposed Shares Issuance without including the shareholdings of Encik Nasrul, Dato' Sri Wong and Mr Lim.

Premised on the above, the other Subscribers are not considered PACs to Datuk Wira Mubarak and VSB pursuant to Rule 4.03.

2.3 PROPOSED ESS

The Proposed ESS entails the granting to selected eligible Directors (including non-executive Directors) and/or eligible employees of the EATECH Group the following Awards:-

- (i) the right to receive new and/or existing EATECH Shares at specified dates; and/or
- (ii) ESS options which entitle the Selected Persons the right to exercise and receive EATECH Shares at specified dates at pre-determined prices,

provided that prior to such specified future date of vesting or exercise, as the case may be, the relevant service condition(s) of the Selected Persons and/or the relevant condition(s) as may be stipulated by the ESS Committee (as defined below) in the offer, are duly fulfilled unless the ESS Committee otherwise determines.

2.3.1 Size of the issuance

The maximum number of Awards which may be granted shall not at any point in time in aggregate exceed 10% of the total number of issued shares of EATECH (excluding treasury shares, if any) during the duration of the Proposed ESS.

In the event where the Company purchases or cancels its own shares or undertakes any other corporate proposal resulting in the number of EATECH Shares to be issued under the Proposed ESS to exceed 10% of the total number of issued shares of EATECH (excluding treasury shares, if any), no further Awards can be offered until the number of EATECH Shares to be issued under the Proposed ESS falls below the 10% threshold.

For clarification, EATECH has no intention to grant Awards to eligible employees that will trigger an obligation to undertake a MGO. EATECH plans to include a restriction in the ESS Offer to employees to disallow the exercise of ESS Options if it results in the employee triggering an obligation to undertake a MGO. As such, employees will be bound by this restriction when they accept their ESS Offer. Nonetheless, it remains the obligation of the individual employee to ensure that they abide by their obligations under the Rules.

2.3.2 Eligibility

Subject to the determination and sole discretion of the ESS Committee, only Eligible Persons who meet the following conditions as at the date of the ESS Offer, are eligible to participate in the Proposed ESS:-

- (i) if he/she has attained the age of 18 years on the date of the ESS Offer and shall neither be an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) if he/she is an executive Director or employee, he/she must have been employed by the Group (excluding dormant subsidiaries) and his/her employment as an Eligible Person must have been confirmed on the date of the ESS Offer, employed on a full time basis and is not served a notice to resign nor received a notice of termination;
- (iii) if he/she is a non-executive Director, he/she must have been appointed and remain appointed as a Director of the Group (excluding dormant subsidiaries), as at the date of the ESS Offer;
- (iv) if the Director or employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary upon such acquisition, the said Director or employee must become an Eligible Person within the meaning of the By-Laws following the date that such company becomes or is deemed to be a subsidiary of the Group; and
- (v) he/she must fulfil such other eligibility criteria as may be determined by the ESS Committee from time to time at its absolute discretion.

The eligibility for consideration under the Proposed ESS does not confer an Eligible Person with any claim or right to participate in the Proposed ESS unless the ESS Committee has made an offer in writing to the Eligible Person and the Eligible Person has accepted the ESS Offer in accordance with the terms of the By-Laws.

The Group is of the view that granting of the Awards to the independent non-executive Directors will not affect the independent non-executive Directors in exercising their independent judgement as the independent non-executive Directors are prohibited from selling, transferring or assigning his/her Shares obtained through the vested Shares Grant and/or exercise of ESS Options within 1 year from the date of the ESS Offer in accordance with paragraph 8.20 of the Listing Requirements. The Group will also ensure the number of Awards to be granted to the independent non-executive Directors will not affect their independent judgement and the independent non-executive Directors will be required to abstain from deliberating on any allocation of Awards to themselves.

In accordance with the Listing Requirements, the allotment of Awards to any of the Directors, chief executive officer, employee who is a major shareholder and/or persons connected with them pursuant to the Proposed ESS must be approved by the shareholders of EATECH in a general meeting. For information, the Company is not proposing any Awards to be allotted to independent directors at the forthcoming EGM.

2.3.3 Basis of allocation and maximum allowable allotment

The allocation of Awards to an Eligible Person shall be determined entirely at the discretion of the ESS Committee and subject to the provisions set out in the By-Laws after taking into consideration, amongst others, the position, performance, ranking, length of service and his/her potential contribution to the EATECH Group and any other factors deemed appropriate by the ESS Committee.

Notwithstanding the foregoing, subject to any adjustments which may be made in accordance with the By-Laws, the aggregate number of Awards that may be allocated to an Eligible Person shall be subject to the following:-

- (i) the Selected Persons, including Directors and senior management do not participate in the deliberation and discussion of their own allocation and/or allocation to persons connected with them;
- (ii) not more than 70% of the total number of EATECH Shares comprised in the Awards, to be issued under the Proposed ESS shall be allocated to the Directors and/or senior management of the EATECH Group (excluding dormant subsidiaries); and
- (iii) not more than 10% of the total number of EATECH Shares comprised in the Awards, to be issued under the Proposed ESS shall be allocated to any Selected Persons who, either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of EATECH (excluding treasury shares, if any),

provided always that it is in accordance with the Listing Requirements or any prevailing requirements/guidelines issued by Bursa Securities, or any other requirements of relevant authorities as amended from time to time.

The ESS Committee shall at its absolute discretion decide in relation to an ESS Offer, amongst others, the date of the ESS Offer, forms of Awards (whether in Shares Grant and/or ESS Options), whether the Awards will be staggered, performance targets, performance period(s), service period(s), the vesting period(s), vesting date(s), release schedule(s), retention period(s) and the extent to which EATECH Shares which are the subject of the Award shall be released on the performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the vesting period(s).

As at LPD, it has yet to be determined if the granting of Awards will be in 1 single tranche or on a staggered basis and/or the maximum allocation to be made for each financial year should the Awards be granted on a staggered basis and the forms of Awards to each group of recipients. As at LPD, it has also yet to be determined the overall percentage of Awards to be allocated in the form of Shares Grant and/or ESS Options, neither has it been determined the actual percentage and form of Awards to be allocated to specific Directors and/or senior management.

The ESS Committee may stipulate the terms or conditions (which may include performance targets) if any, for the vesting of an Award to a Participant at the material point in time. The specific criteria/ formula in determining the basis and quantum of allocation to employees will depend on amongst others, the overall objectives/strategy of the EATECH Group at the material time, which will in turn affect the vesting criteria of the Awards of the specific employees. The Company will rely on the ESS Committee to evaluate the respective allocations to all employees (including Directors) prior to deciding on the actual allocation and form of any Awards. The Company takes cognisance that the granting of Shares Grant to Selected Persons, whilst at no cost to Selected Persons, will result in a higher charge to the EATECH Group's profit and loss account. Therefore, in determining the basis and quantum of allocation and the form of the Awards, the ESS Committee will also take into consideration, amongst others, the financial performance of the EATECH Group, the working capital requirements of the EATECH Group, the number and position of the Selected Persons, retention periods, prevailing market conditions and impact on the financial performance of the EATECH Group.

2.3.4 Duration of the Proposed ESS

The Scheme, when implemented, shall be in force for a period of 5 years from the Effective Date of the implementation of the Scheme and may be extended for further period immediately from the expiry of the original 5 years period, at the absolute discretion of the Board, whether or not upon the recommendation of the ESS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date ("**Date of Expiry**").

Any extended Scheme shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant statutes, laws and/or regulations then in force. In the event that the Proposed ESS is extended, EATECH shall make the necessary announcements to Bursa Securities prior to the proposed extension of the ESS. In the event the Scheme is extended, the Company shall serve appropriate notices on each Participant within 30 days prior to the Date of Expiry. For the avoidance of doubt, unless otherwise required by the relevant authorities, no further sanction, approval, consent or authorisation of the shareholders of EATECH in a general meeting is required for any such extension. In such an event EATECH will promptly announce the termination and provide a notice at least 30 days prior to the Termination Date to existing Participants, allowing them to exercise their ESS Offers, outstanding ESS Options and unvested Awards.

On the Date of Expiry, any ESS Offer which have yet to be accepted by the Selected Person and/or any Awards which has yet to be released or vested (whether fully or partially) shall be deemed cancelled and be null and void.

2.3.5 Retention period

The Shares issued and/or transferred arising from the Shares Grant and/or exercise of the ESS Options under the Proposed ESS, to a Participant (save for an eligible Director who is a non-executive Director), will not be subjected to any retention period or restriction on transfer, unless otherwise as stated in the Award(s), as determined by the ESS Committee from time to time. Notwithstanding the foregoing, the ESS Committee shall be entitled to prescribe or impose, in relation to any ESS Offer, any condition relating to any retention period or restriction on transfer as it deems fit.

Notwithstanding the above, pursuant to paragraph 8.20 of the Listing Requirements, a Participant who is a non-executive Director of any company within the Group (excluding dormant subsidiaries) must not sell, transfer or assign his/her Shares obtained through the Shares Grants and/or exercise of the ESS Options offered to him/her pursuant to the Proposed ESS within 1 year from the date of the ESS Offer of such Awards or such period as may be prescribed by Bursa Securities.

2.3.6 Exercise price of ESS Options

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price of the ESS Options shall be based on the price to be determined by the Board upon the recommendation of the ESS Committee based on the 5-day VWAP immediately preceding the date of the ESS Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the Scheme.

For the avoidance of doubt, the Shares Grant will be granted at no cost to the Participants.

2.3.7 Acceptance of the ESS Offer

The ESS Offer may only be accepted by the Participant during the ESS Offer period in such form and manner as may be prescribed in the ESS Offer and shall be accompanied by a non-refundable sum of RM1.00 only payable to the Company. The date of receipt by the ESS Committee of such form together with the money shall be the date of acceptance of the ESS Offer by the Selected Person, provided that the Proposed ESS is not terminated pursuant to the By-Laws.

In the event that the Selected Person fails to accept the ESS Offer in the manner prescribed within the ESS Offer period, the ESS Offer shall automatically lapse and shall then be null and void. The ESS Committee shall not be precluded from making a fresh ESS Offer, on such terms as the ESS Committee may so decide, to the Selected Person subsequently.

2.3.8 Ranking of the Shares

The EATECH Shares to be allotted and issued and/or transferred from treasury shares (as the case may be) upon the vesting of the Shares Grant and/or upon the exercise of the ESS Options pursuant to the Awards, shall upon allotment and issuance and/or transfer from treasury shares (as the case may be), rank equally and carry the same rights with existing EATECH Shares, save and except that the EATECH Shares so issued and/or transferred will not be entitled for any dividends, rights, allotments and/or other distribution declared, made or paid to shareholders of EATECH, the entitlement date of which is prior to the date of allotment or transfer of the EATECH Shares.

2.3.9 Listing and quotation for the EATECH Shares

Bursa Securities had vide its letter dated 30 May 2024, approved the application for the listing and quotation of up to 10% of the total number of issued Shares, to be issued and allotted pursuant to the Proposed ESS on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 9** of Part A of this Circular.

2.3.10 ESS Committee

The Proposed ESS will be implemented and administered by an ESS Committee, which will have sole and absolute discretion in administering the Proposed ESS subject to the terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and responsibilities under the By-Laws. The ESS Committee shall have the absolute discretion in determining whether the Awards will be granted in 1 single tranche or on a staggered basis over the duration of the Proposed ESS.

The ESS Committee shall comprise persons from the Board and/or senior management of the EATECH Group and shall ensure that the respective members of ESS Committee do not participate in the deliberation or discussion of their own allocation and/or allocation to persons connected with them. A Selected Person who is a member of the ESS Committee shall abstain from deliberations in respect of any Awards granted or to be granted to him/her and/or persons connected with them.

In implementing the Proposed ESS, in accordance with the By-Laws, the ESS Committee may in its absolute discretion decide that the Awards be satisfied by any of the following methods:-

- (i) issuance of new EATECH Shares;
- (ii) acquisition of existing EATECH Shares from the open market;
- (iii) transferring EATECH treasury shares;
- (iv) payment by cash; or
- (v) any combination of the above.

To facilitate the implementation of the Proposed ESS, the Company may make the necessary arrangements, including appointing a trustee, to acquire treasury shares or other existing Shares or to subscribe for new shares, for the purpose of the Proposed ESS ("**Trustee**") under a trust to be established ("**Trust**"). The Trustee shall administer the Trust in accordance with a deed of trust to be executed between the Trustee and the Company. In considering the settlement of the Awards, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of EATECH Shares, funding considerations and dilutive effects on EATECH's capital base.

2.3.11 Alteration of capital

In the event of alteration in the capital structure of EATECH during the Scheme period (whether by way of capitalisation of profit or reserves, rights issues, reduction, subdivision or consolidation of capital or otherwise but excluding any cancellation of capital which is lost or unrepresented by available assets), the Board, in accordance to the By-Laws, shall have the discretion, whether to make adjustments to the:-

- (i) the exercise price of the ESS Options; and/or
- (ii) number of EATECH Shares comprised in the Awards.

2.3.12 Amendment, variation and/or modification to the Proposed ESS

Subject to the By-Laws and in compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion deem fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to the Proposed ESS and the Rules of Bursa Malaysia Depository Sdn Bhd.

The approval of the shareholders of the Company in a general meeting shall not be required in respect of modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:-

- (i) materially prejudice any rights which would have accrued to any Participants without the prior consent or sanction of the affected Participants;
- (ii) increase the number of Shares available under the Proposed ESS beyond the Maximum Awards;
- (iii) prejudice any rights of the shareholders of the Company; and
- (iv) alter to the advantage of any Participant or group of Participants or all the Participants in respect of any matters which are required to be contained in the By-Laws unless allowed by the provisions of the Listing Requirements.

2.3.13 Fees, costs and expenses

All fees, costs and expenses incurred in relation to the Proposed ESS including but not limited to the costs and expenses (including stamp duty, if any) relating to the allotment and issuance and/or transfer of the Shares and/or EATECH Share(s) pursuant to the Shares Grant and/or upon the exercise of any ESS Option(s) (excluding the Exercise Price of such ESS Option(s)), shall be borne by the Company. However, each Participant will be solely responsible for any taxes (including income tax) which may be levied on the Participant arising out of or as a result of such allotment and issuance and/or transfer of EATECH Shares.

2.3.14 Termination of the Proposed ESS

Notwithstanding anything set out in the By-Laws and subject always to compliance with the Listing Requirements and any other relevant rules or requirements, the Proposed ESS may be terminated by the Board upon consultation with the ESS Committee, at any time before its expiry without obtaining the approvals or consents from the Participants or its shareholders provided that the Company makes an announcement immediately to Bursa Securities. In the event of such termination:-

- (i) no further ESS Offers shall be made by the ESS Committee from the termination date;
- (ii) all ESS Offers which have yet to be accepted by Selected Persons shall automatically lapse on the termination date;
- (iii) all outstanding ESS Options which have yet to be exercised by the Participants shall automatically lapse on the termination date; and
- (iv) all unvested Awards will cease to be capable of being vested in the relevant Participants.

2.3.15 Proposed Allocation

Subject to the provisions of the By-Laws, EATECH proposes to seek its shareholders' approval at the forthcoming EGM for the proposed allocations of Awards to the following Directors, Chief Executive Officer and/or person connected with them ("**Proposed Allocation**"):-

Name	Designation	Proposed Allocation
Encik Nasrul	Chief Executive Officer	Up to *13,262,500 ESS Options granted under the Proposed ESS

Note:

- * The quantum of the Proposed Allocation to Encik Nasrul is equivalent up to 10% of the Awards allowed under the Proposed ESS based on enlarged share capital of EATECH after the Proposed Shares Issuance.

Encik Nasrul being the Chief Executive Officer of EATECH, is responsible for driving the business forward and working toward regularising the overall financial condition of the Group. The Proposed Allocation to Encik Nasrul is to incentivise him and align his goals towards the aforementioned purposes. Nonetheless, the Company proposes that any Awards granted to him shall include a vesting period of 2 years from the date of granting such Awards to ensure that the vesting period covers the timing leading up to the upliftment of EATECH's PN17 status. Save as disclosed herein, the necessary vesting conditions of Awards to other Participants under the Proposed ESS shall be determined by the ESS Committee at the material time.

For information, upon completion of the Proposed Shares Issuance and Proposed Allocation, Encik Nasrul's shareholding in EATECH will increase from nil to approximately 3.5% of the enlarged share capital. As at LPD, none of the employees in EATECH is connected to Encik Nasrul.

For avoidance of doubt, as at LPD, there is no PAC with Encik Nasrul who holds EATECH Shares. Accordingly, the Proposed Shares Issuance and Proposed Allocation to Encik Nasrul will not result in him and/or his PACs triggering an obligation to undertake a MGO on EATECH.

3. UTILISATION OF PROCEEDS

3.1 Proposed Shares Issuance

The Proposed Shares Issuance is expected to raise total proceeds of RM79.58 million. The Group is proposing to utilise the proceeds as follows:-

<u>Details of utilisation</u>	<u>Notes</u>	<u>RM'000</u>	<u>Estimated timeframe from date of receipt of proceeds</u>
Repayment pursuant to the SOA	(i)	30,988	Within 1 month
Repayment to Sindora	(ii)	26,000	Within 1 month
General working capital	(iii)	19,687	Within 24 months
Defray estimated expenses	(iv)	2,900	Within 2 months
Total proceeds		79,575	

Notes:-

(i) Repayment pursuant to the SOA

As detailed in **Section 1** above, the estimated returns to scheme creditors totals to approximately RM71.1 million (i.e. 27.4% of the Adjudicated Debt). EATECH has completed its Asset Disposal Program and raised net proceeds of up to RM40.1 million. Accordingly, the Group proposes to utilise RM31.0 million of the proceeds from the Proposed Shares Issuance to settle the balance amount due to scheme creditors pursuant to the SOA.

(ii) Repayment to Sindora

As mentioned in **Section 1.2** above, EATECH and MMHE had entered into the settlement agreement for the sum of USD25.5 million ("**MMHE Settlement Sum**") to be paid by EATECH as full and final settlement of the disputes between the parties. Due to a corporate guarantee provided by Sindora to MMHE, Sindora had up to the LPD, settled on behalf of EATECH RM44.3 million (approximately USD9.9 million) owed to MMHE for works engaged in relation to an engineering procurement, construction, installation and commissioning for the conversion of vessel to a floating storage and offloading facility. The balance of the USD15.6 million owing to MMHE has been settled by EATECH in accordance to the terms of the settlement agreement using internally generated funds. As the debts owing for the MMHE Settlement Sum has been fully settled as at LPD, any recovery of debts in respect of the MMHE Settlement Sum portion under the SOA will be paid to Sindora. Sindora will recover approximately RM1.0 million in place of MMHE under the SOA.

Pursuant to the Sindora Settlement Agreement entered into between EATECH and Sindora on 27 February 2023, it is thereby agreed that of the total sum of RM44.3 million owing, Sindora will recover approximately RM1.0 million under the SOA and waive a sum of RM2.0 million, leaving a balance owing by EATECH of approximately RM41.3 million. As per the Sindora Settlement Agreement, EATECH shall undertake to repay Sindora a total of RM26.0 million via proceeds raised through the Proposed Shares Issuance whilst the balance debt of RM15.3 million shall be settled over a 3-year term via 35 monthly instalments of RM425,000 each commencing on 31 January 2024 and a final instalment of RM442,263 in December 2026. Sindora and EATECH had on 28 December 2023, mutually agreed in writing to reschedule the 35 monthly instalments to commence upon completion of the Proposed Regularisation Plan. For information, EATECH proposes to settle the RM15.3 million via cash using internally generated funds from the Group's charter hire business.

(iii) General working capital

The breakdown of proceeds for working capital is proposed as follows:-

Working capital	Percentage (%)
Payment to trade creditors	40.0
Staff costs which include staff salaries, Directors' remuneration and contributions to the Employees Provident Fund Board and the Social Security Organisation, and staff remuneration related benefits	20.0
Office related expenses such as rental, utilities, office maintenance, staff medical insurance, maintenance of property, vessel and equipment, printing, stationaries, postages, travelling or transportation, staff amenities, website maintenance, petty cash reimbursements and other office operating expenses	20.0
Compliance related expenses such as audit (internal & external), secretarial and share registrar related expenses, taxation, legal, listing and payments to corporate advisers	20.0
	<u>100.0</u>

Any deviation in the aforementioned allocation for each component of general working capital will be adjusted to/from other components.

(iv) Defray estimated expenses

The breakdown of estimated expenses for the Proposed Regularisation Plan is illustrated below:-

Details of utilisation	RM'000
Professional fees ^(a)	2,650
Fees payable to relevant authorities	150
Printing, despatch, meeting expenses and miscellaneous expenses	100
Total proceeds	<u>2,900</u>

Note:-

- (a) Comprised of estimated professional fees payable to the Principal Adviser, reporting accountant, independent market researcher, internal control and risk management reviewer, share registrar and solicitors for the Proposed Regularisation Plan. For information, the professional fees payable to the respective advisers/ professionals relates to advisory fees as well as out of pocket expenses incurred by such advisers/ professionals.

Any deviation in actual expenses for the Proposed Regularisation Plan will be adjusted against the proceeds to be utilised for general working capital of the Group.

Pending the utilisation of proceeds from the Proposed Shares Issuance, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments, as the Board deems fit. The Company proposes to utilise such interest/profits arising from the deposits/financial instruments for working capital purposes as stated in note (iii) above over a period of 24 months from the date of receipt of the proceeds.

3.2 Proposed ESS

The Company will not receive any proceeds from the granting of Awards under the Proposed ESS and subsequent allotment and listing of the EATECH Shares pursuant to the Shares Grant.

The Company will not receive any proceeds from the ESS Options until such time the ESS Options are exercised by the Participant. The actual proceeds to be received from the ESS Options will be dependent on amongst others, the number of ESS Options exercised at the relevant point in time and the exercise price.

EATECH intends to utilise such proceeds arising from the exercise of the ESS Options, if any, as working capital for the EATECH Group over a period of 24 months from the date of receipt of such proceeds.

Pending the utilisation of proceeds from the exercise of the ESS Options, the proceeds shall be placed in a profit-bearing bank account, as deposits with licensed financial institution(s) and/or in short-term money market instruments, as the Board deems fit. The Group proposes to utilise such interest/profits arising from the deposits/financial instruments as working capital for the EATECH Group as stated above, within 24 months from the date proceeds are received.

3.3 Fund raising exercise undertaken in the past 12 months

EATECH had not undertaken any fund raising exercise in the past 12 months up to the LPD.

4. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Regularisation Plan is the most appropriate avenue to regularise the financial condition of the EATECH Group in order to address and uplift the PN17 status of the Company.

The Board has considered various proposals and/or options to raise the requisite funding required for the settlement of its creditors, including amongst others, seeking potential investors (including its major shareholder, Sindora) and negotiations with financial institutions for additional funding. Discussions with Sindora had concluded that Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise EATECH's financial position. EATECH, being a PN17 entity, had also not been successful in obtaining additional funding from financial institutions.

As mentioned in **Section 3.1** above, the Proposed Regularisation Plan will also facilitate the Group's immediate funding requirements, primarily for the repayment to scheme creditors and Sindora pursuant to the SOA and Sindora Settlement Agreement respectively. The Board believes that upon completion of the Proposed Regularisation Plan, the Group will be able to meet the criteria to uplift itself from being classified as a PN17 entity. The Board believes that this will also bode well for the Group as it will be able to provide confidence to its various stakeholders such as its shareholders, clients, financiers and employees of the Group moving forward.

The proposals forming the Proposed Regularisation Plan are intended to formulate a comprehensive plan to regularise the financial condition of the Group as detailed in the ensuing sections. As such, the proposals are inter-conditional to each other and shareholders of the Group will have to approve the Proposed Regularisation Plan in totality.

4.1 Proposed Shares Issuance

Pursuant to the SOA, EATECH has agreed to pay its scheme creditors approximately RM71.1 million of which RM31.0 million will be raised through the Proposed Shares Issuance. As disclosed in **Section 3.1** above, EATECH will settle RM26.0 million of the RM41.3 million owing to Sindora via the Proposed Shares Issuance and the balance in tranches over 3 years.

Accordingly, the Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it will allow EATECH to raise the requisite funds primarily for the settlement of its creditors under the SOA and to Sindora. Upon settlement of the debts owed to scheme creditors under the SOA and to Sindora, EATECH should be able to recognise a one-off net income of approximately RM127.4 million as a result of the waiver of debts owed to the scheme creditors pursuant to the SOA.

Accordingly, the Proposed Shares Issuance will enable EATECH to address one of the prescribed criteria in accordance with paragraph 2.1(a) of PN17 whereby EATECH's shareholders' equity on a consolidated basis should not be 25% or less of its share capital (excluding treasury shares) and shareholders' equity is less than RM40 million.

4.2 Proposed Exemption

Upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via VSB as VSB will hold a total of 676,387,500 EATECH Shares, representing 51.0% of the total enlarged number of issued shares in EATECH. Accordingly, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for all the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and PACs with them pursuant to subsection 218(2) of the CMSA and paragraph 4.01 of the Rules.

As Datuk Wira Mubarak and VSB do not intend to undertake the MGO, the Proposed Exemption will allow them to be exempted from the obligation to undertake the MGO.

As the Proposed Shares Issuance and the Proposed Exemption are inter-conditional upon each other, the Proposed Exemption is necessary for the successful completion of the Proposed Shares Issuance.

4.3 Proposed ESS

The Company believes it is important to continue to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of the EATECH Group, especially Directors and employees who are working towards regularisation of the EATECH Group's operations and financial condition and the upliftment of EATECH from its PN 17 status. In implementing the Proposed ESS to facilitate the alignment of the Participants' interest with that of the Group to ensure that the Group's financial condition is regularised, the ESS Committee will take into consideration setting vesting conditions including, amongst others, financial targets, qualitative measures and minimum vesting periods.

The Proposed ESS is intended to:-

- (i) reward Eligible Persons for their contribution towards the EATECH Group;
- (ii) create a sense of loyalty and ownership amongst the employees, by giving the employees an opportunity to participate in the equity of the Company;
- (iii) increase the level of commitment and dedication of the Eligible Persons by rewarding them with an equity stake in the Company; and
- (iv) provide incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group.

The Proposed ESS is also extended to include the non-executive Directors of the EATECH Group in recognition of their contributions towards the growth and performance of the EATECH Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company, who will assist in the overall strategic decisions and direction of the Group.

Further, any proceeds to be received by the Company pursuant to the exercise of the ESS Options (which will depend on, amongst others, the number of ESS Options granted and exercised at the relevant point in time and the Exercise Price) will be utilised for the Group's working capital purposes.

4.4 Impact of the Proposed Regularisation Plan to the Company and its shareholders

The Proposed Regularisation Plan is intended to address the Group's PN17 status and Board believes that upon the successful implementation of the Proposed Regularisation Plan, the Group should be in a better position to turnaround its operations and financial condition and eventually be uplifted from its PN17 status.

The Proposed Shares Issuance forms part of the Group's overall plan to raise the requisite funding required for the settlement of amounts under the SOA and to its major shareholder. The Group believes that the completion of the Proposed Regularisation Plan and thereafter, the SOA, should bode well in providing the Group's stakeholders with confidence.

It should also be noted that the Proposed Shares Issuance will result in the emergence of a new controlling shareholder, Datuk Wira Mubarak vide his shareholdings in VSB. EATECH believes that Datuk Wira Mubarak together with Dato' Lai, being the 30% shareholder and director of VSB, will be able to contribute their combined array of experience and networking to provide the EATECH Group with strategic direction and new opportunities.

Existing shareholders should note that the EPS and their existing shareholdings in EATECH will be diluted as a result of the increase in the number of Shares arising from the Proposed Shares Issuance. Further details on the effects of the Proposed Regularisation Plan on the NA and gearing as well as the earnings and EPS of the Group are set out in **Section 7** below.

4.5 Value creation to the Company and its shareholders

The Proposed Regularisation Plan is required to be undertaken to regularise the Group's financials which will in turn aid the turnaround of the Group's operations.

Upon completion of the SOA and settlement to Sindora using the proceeds derived from the Proposed Shares Issuance and Asset Disposal Program, EATECH will record a RM127.4 million one-off net income in relation to the waiver of debt owed to the scheme creditors and pursuant to the SOA. Upon the settlement of the scheme creditors and Sindora, EATECH should be in a better position to assess its financial position and consider if the balance debts to Sindora may be repaid sooner. Thereafter, EATECH should be able to significantly reduce the accumulated losses and rationalise the balance sheet of the Group. The Company would also be in a better position to retain profits and enhance its ability to pay dividends in the future, as and when appropriate, following the elimination of the accumulated losses. The Directors will take into consideration the present and future funding needs of the Company and Group before declaring any dividends.

Nonetheless, the Board believes that upon successful implementation of the Proposed Regularisation Plan, the improved capital base of the Group should be seen by its stakeholders as a positive factor which should in turn, boost stakeholders' confidence in the Group's ability to carry out its projects, generate positive cashflows and earnings moving forward. Thereafter, upon recording two consecutive financial quarters of profits, and subject to Bursa Securities' approval, the Board believes that this may warrant an upliftment of EATECH from its PN17 status.

4.6 Steps undertaken to improve the financial condition of the Group

EATECH Group had recorded declining revenues over the last 4 financial years from RM419.0 million in FYE 31 December 2018 to RM160.6 million in FYE 31 December 2021. The Group also recorded declining profit after tax over the last 4 financial years from RM74.2 million in FYE 31 December 2018 to a loss after tax of RM150.6 million in FYE 31 December 2021.

To address its financial condition, the Group had undertaken the following steps/measures:-

(i) Asset Disposal Program

As part of the Group's overall restructuring initiative, the Group had identified the Divestment Vessels to raise a portion of the funding required (i.e. net proceeds of RM46.0 million) for the settlement of its scheme creditors under the SOA. As at LPD, the Group had completed the Asset Disposal Program.

On 2 April 2022, EATECH executed an agreement for the sale of Nautica Batu Pahat to AICL Overseas FZ LLC for a total cash consideration of USD3.1 million. The sale was completed on 11 May 2022 and EATECH received actual gross proceeds of approximately RM13.49 million.

On 10 May 2022, EATECH announced that the Company had on 15 April 2022 executed an agreement for the sale of its vessel, namely Nautica Renggam to C&M Co. Ltd. for a total cash consideration of USD5.05 million. The sale was completed on 22 June 2022 and EATECH received actual gross proceeds of approximately RM21.87 million.

On 20 June 2022, EATECH announced that the Company had executed an agreement for the sale of Nautica Kota Tinggi to Petroleum Gulf Energy Trading LLC for a total cash consideration of USD4.65 million. The sale was completed on 30 September 2022 and EATECH received actual gross proceeds of approximately RM21.34 million.

On 19 September 2022, EATECH announced that the Company had executed an agreement for the sale of Nautica Maharani to Glory International FZ-LLC for a cash consideration of USD4.2 million. The sale was completed on 7 October 2022 and EATECH received actual gross proceeds of approximately RM19.43 million.

On 9 March 2023, EATECH announced that the Company had executed an agreement for the sale of Nautica Muar, the remaining Divestment Vessel for a cash consideration USD6.0 million. The sale was completed on 19 September 2023 and EATECH received actual gross proceeds of approximately RM27.93 million.

The Asset Disposal Program is expected to allow the Group to record cost savings in the form of maintenance and depreciation of approximately RM26.69 million per annum.

EATECH Group had recorded a combined gain on disposal of RM3.39 million and cash proceeds of RM104.05 million from the Asset Disposal Program. EATECH received net cash proceeds of RM40.08 million (inclusive of the RM10.46 million security deposit paid to escrow agent (kindly refer to **Section 4 of Appendix VII** of this Circular for further information) after deducting RM74.43 million amount allocated for EATECH's ordinary course of business expenditure, capital expenditure and transaction costs of vessels disposed.

(ii) Seeking for potential investors

Over the course of the past year prior to the announcement of the Company's Announcements, EATECH had considered various proposals and/or options to raise the requisite funding required for the settlement of its creditors, including amongst others, seeking potential investors (including its major shareholder, Sindora) and negotiations with financial institutions for additional funding. Discussions with Sindora had concluded that Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise EATECH's financial position. EATECH, being a PN17 entity, had also not been successful in obtaining additional funding from financial institutions.

After evaluation of all preliminary offers, on 3 October 2022, EATECH received a firm offer from Tan Sri Rashid via Eco Offshore Services Sdn Bhd to invest a total of RM50.0 million followed by an update offer on 20 December 2022 to invest a total of RM60.0 million for the purposes of facilitating the repayment of debts to EATECH's creditors via a proposed shares issuance. Following further negotiations between the parties, Tan Sri Rashid was agreeable to subscribe for a 53% equity stake in EATECH for approximately RM53.0 million. The Company had procured the interest of Tan Sri Abdul Halim bin Ali and Khiruddin Ibrahim bin Said to subscribe for the balance RM7.0 million of the total RM60.0 million required. However, due to unforeseen circumstances, EATECH and the subscribers had on 24 July 2023, mutually agreed to terminate the subscription agreements.

Following the termination of the earlier subscription agreements, EATECH had continued to seek investors to procure the requisite funding. During this process, EATECH had received various proposals from potential investors and following careful consideration, decided on the proposal by VSB. The primary consideration by the Board in selecting the proposal by VSB is the degree of certainty that EATECH will be able to raise the requisite funds for the SOA and repayment to Sindora.

The emergence of VSB should also provide EATECH with newfound strategic direction in terms of which business segments to focus for growth. EATECH believes that it should be able to leverage on Datuk Wira Mubarak and Dato' Lai's wealth of experience and standing as a prominent businessman for business opportunities. Further information on Datuk Wira Mubarak and Dato' Lai are set out in **Section 2.1.2 (i)** above.

(iii) Creditors' scheme of arrangement

EATECH had since May 2022, commenced discussions with its creditors to formularise a settlement scheme. The Company had on 5 December 2022 at a Court Convened Meeting, obtained the approval of the requisite majority in value of the creditors present and voting to undertake the SOA. On 4 January 2023, EATECH has obtained the order from the High Court pursuant to section 366 of the Act to approve and sanction the SOA and had on 12 January 2023, lodged the office copy of the order with the Companies Commission of Malaysia to effect the SOA.

Notwithstanding the success of the SOA is dependent on the fulfilment of the settlement amount to the scheme creditors, the Board is confident that it should be able to raise sufficient funding through the Asset Disposal Program and the Proposed Shares Issuance for the said settlement. Upon completion of the SOA, EATECH should have a strengthened balance sheet from the significant reduction of the accumulated losses as a result of the one-off income from the waiver of debts owed to scheme creditors.

Further details on the SOA are detailed in **Section 1.1** of Part A of this Circular.

(iv) Onboarding of new key management

In 2022, EATECH had appointed new key personnel such as Encik Nasrul (Chief Executive Officer) and Puan Mariam (Chief Financial Officer). EATECH believe that such key personnel, due to their diverse experience and background, should be able to bring forth a new perspective and contribute positively towards the Group's business.

Further details of the background of EATECH's key management are set out in **Section 5.3.2** below.

The aforementioned measures undertaken by the Group together with the Proposed Regularisation Plan, forms part of the overall plan to regularise the Group's financial position and operations. Shareholders should note that as a result of the aforementioned measures, the Group's financial position had since improved. For the audited FYE 31 December 2023, the Group recorded revenue of RM133.1 million and profit after tax of RM23.7 million as compared to a loss after tax of RM150.6 million and profit after tax of RM16.3 million for the FYE 31 December 2021 and FYE 31 December 2022 respectively.

The Group believes that upon completion of the Proposed Regularisation Plan, SOA and its continued efforts to secure new contracts and deliver existing contracts on a timely and satisfactory basis, the prospects of the Group's overall financial position and operations should be positive. Thereafter, following 2 consecutive quarters of profits, the Group should be able to uplift from its PN17 status.

4.7 Adequacy of the Proposed Regularisation Plan in addressing the financial requirements of the Group

The Proposed Regularisation Plan is expected to be a comprehensive plan by the Group to address its financial and operational conditions at large. Upon successful implementation of the Proposed Regularisation Plan, the Group is confident that it should be able to meet the criteria under the Listing Requirements to allow it to be uplifted from its PN17 status.

The Proposed Regularisation Plan forms part of the Group's plan to raise the requisite funds to settle the debts owed to scheme creditors under the SOA. As at LPD, the Group has 16 ongoing contracts serviced via 25 chartered vessels which, based on the firm period ranging from 1 year to 4 years, is expected to contribute towards the future earnings of the Group. Therefore, upon completion of the SOA, EATECH is expected to have a stronger balance sheet and positive cashflows to secure additional contracts and continue with its day-to-day operations.

After implementing the proposed steps in **Section 4.6** above and upon completion of the Proposed Regularisation Plan, the Group will not have an insignificant business or operations in accordance with paragraph 8.03A(2) of the Listing Requirements and will not trigger any criteria prescribed under paragraph 8.04 and paragraph 2.1(d) of PN17.

The detailed steps and actions taken/ will be taken under the Proposed Regularisation Plan to address the Prescribed Criteria under paragraph 2.1 of PN17 are as follows:-

	Criteria under paragraph 2.1 of PN17	Status
(a)	the shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the share capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million;	Based on the audited consolidated financial statements of the Group as at 31 December 2023, the proforma consolidated NA of the Group upon the completion of the Proposed Shares Issuance and repayment to the scheme creditors under the SOA is RM261.6 million, which is more than the 25% of its share capital of RM259.3 million. Premised on the above, EATECH will not trigger paragraph 2.1(a) of PN17 upon completion of the Proposed Regularisation Plan.
(b)	receivers or managers, or judicial managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	Not applicable as no receiver or manager was appointed over the assets of the Company, its subsidiaries or associated companies which asset accounts for at least 50% of the total assets employed of the Group as at LPD. EATECH will not trigger paragraph 2.1(b) of PN17 upon completion of the Proposed Regularisation Plan.
(c)	a winding up of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;	Not applicable as there is no winding-up proceedings of the Company's subsidiaries or associated companies which asset accounts for at least 50% of the total assets employed of the Group as at LPD. EATECH will not trigger paragraph 2.1(c) of PN17 upon completion of the Proposed Regularisation Plan.
(d)	the auditors have expressed an adverse or disclaimer opinion in the listed issuer's latest audited financial statements;	For the audited financial statements of the Group and of the Company for the FYE 31 December 2023, the External Auditors have not expressed an adverse or disclaimer opinion. EATECH will not trigger paragraph 2.1(d) of PN17 upon completion of the Proposed Regularisation Plan.
(e)	the auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed issuer's ability to continue as a going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is 50% or less of share capital (excluding treasury shares) of the listed issuer; or	For the audited financial statements of the Group and of the Company for the FYE 31 December 2023, the External Auditors had expressed a material uncertainty related to going concern in view that the Group's and the Company's current liabilities exceeded their current assets by RM239.0 million and RM255.3 million respectively.

	Criteria under paragraph 2.1 of PN17	Status
		<p>The Group and the Company have prepared the financial statements by applying the going concern assumption in consideration of the following assumption, plans and activities:</p> <ul style="list-style-type: none"> (i) the ability of the Company to locate buyer and timely completion of the planned disposal of vessel; (ii) the ability of the Company to successfully obtain the approval of the regularisation plan from Bursa Securities which comprises shares consolidation and shares issuance and the successful and timely implementation of the regularisation plan; and (iii) the ability of the Group and the Company to retain profitable operations, generate sufficient cash inflows from their operations and to successfully obtain extension of the expiring contracts. <p>On 19 September 2023, EATECH completed the Asset Disposal Program. Upon completion of the Proposed Regularisation Plan and the SOA, based on EATECH's audited share capital and equity for the FYE 31 December 2023, the Group's proforma equity of RM261.6 million will be more than 50% of the proforma share capital of RM259.3 million. Upon completion of the Proposed Regularisation Plan and the SOA, the Group is expected to have a proforma current assets of RM74.5 million against a proforma current liability of RM64.2 million.</p> <p>The Group also expects the outstanding orderbook as set out in Section 2 of Appendix I(C) of this Circular to continue to contribute towards the profitability of the Group.</p> <p>Premised on the above, EATECH will no longer trigger paragraph 2.1(e) of PN17 upon completion of the Proposed Regularisation Plan.</p> <p>The External Auditors have expressed that subject to any unforeseen circumstances and resolving of the above material uncertainty events (i.e. completion of the Proposed Regularisation Plan and the SOA, and hence the ability of EATECH to continue as a going concern), which is inclusive of EATECH having sufficient working capital for a period of 12 months, EATECH should not have any concern in relation to a material uncertainty related to going concern.</p>

	Criteria under paragraph 2.1 of PN17	Status
(f)	a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to paragraph 9.19A of the Listing Requirements and the listed issuer is unable to provide a solvency declaration to Bursa Securities.	<p>EATECH had received claims from various creditors, including its major shareholder, Sindora for debts owed to them. EATECH had at the Creditors' Court Convened Meeting held on 5 December 2022, obtained the approval of the requisite majority in value of the creditors present and voting to undertake the SOA between the Company and its scheme creditors. On 4 January 2023, EATECH obtained the order from the High Court pursuant to section 366 of the Act to approve and sanction the SOA. On 12 January 2023, the SOA had become effective following the lodgement of the office copy of the SOA's order with the Companies Commission of Malaysia.</p> <p>Upon completion of the Proposed Shares Issuance and SOA, EATECH will obtain sufficient funds to repay its scheme creditors under the SOA and the portion owed to Sindora under the Sindora Settlement Agreement.</p> <p>As at LPD, the Board does not foresee EATECH defaulting in payments moving forward. Accordingly, EATECH will not trigger paragraph 2.1(f) of PN17 upon completion of the Proposed Regularisation Plan and SOA.</p>

5. PROSPECTS AND OUTLOOK

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded moderately in the first quarter of 2024 (4.2%; 4Q 2023: 2.9%) driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic and non- electrical and electronic industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

Headline inflation remained moderate at 1.7% during the quarter (4Q 2023: 1.6%). The modest increase in headline inflation reflects the policy adjustments to water tariffs in February and services tax for high-usage electricity in March, which increased by 20.8% (4Q 2023: 2.1%) and 0.7% (4Q 2023: 0%) respectively. Core inflation moderated to 1.8% (4Q 2023: 2%), largely driven by continued easing in the food and beverages segment. Inflation pervasiveness edged higher, as the share of Consumer Price Index items recording monthly price increases rose to 44.2% during the quarter (4Q 2023: 36.3%). Nonetheless, this remains well below the first quarter long term average (corresponding first quarter periods during 2011-2019) of 52.2%.

Domestic financial markets continued to be driven mainly by shifting financial market expectations over the monetary policy path of major central banks. In particular, global financial markets reacted to expectations that the US Federal Reserve would maintain its current policy interest rate for a longer period and make fewer policy rate cuts in light of continued strong US economic data. The current pressure reflects broader currency market dynamics and is not specific to Malaysia.

Credit growth to the private non-financial sector increased to 5.2% (4Q 2023: 4.8%). This was supported by higher growth in outstanding loans to both businesses (4.9%; 4Q 2023: 3.7%) and households (6.2%; 4Q 2023: 5.7%) while outstanding corporate bonds growth grew at a more moderate pace (3.2%; 4Q 2023: 4.2%). The higher business loan growth was driven mainly by higher growth in investment-related loans. By sector, the stronger growth was supported by the construction and services sectors. For households, outstanding loan growth was higher across most loan purposes, reflecting continued demand for loans, particularly for the purchase of housing and cars.

Growth in 2024 will be driven by resilient domestic expenditure with additional support from the recovery in external demand. On the domestic front, continued employment and wage growth will support household spending. Improvement in tourist arrivals and spending are expected to continue. Investment activities will be driven by progress in multi-year projects across private and public sectors, alongside catalytic initiatives announced in national master plans, as well as the higher realisation of approved investments. The Malaysian economy is projected to grow between 4% and 5%*.

For 2024, headline and core inflation are projected to remain moderate between 2% – 3.5% and 2% – 3%, respectively. These broadly reflect stabilising demand and contained cost pressures, coupled with some potential upside that could arise from the implementation of fuel subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)

Outlook

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity. The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spillover from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

(Source: Quarterly Bulletin 4Q 2023, Bank Negara Malaysia)

The nation's strong economic fundamentals coupled with strategies and programmes as outlined in the Budget 2024, will continue to support the momentum of the economy to grow with the estimated range of 4% to 5% in 2024.

Efforts will be intensified to strengthen Malaysia's agility in keeping pace with the fast-changing environment, which requires a paradigm shift and innovation culture to enhance economic growth. The continuation of strategic projects, digitalisation, improved productivity and advanced manufacturing will further stimulate the growth of the economy in the medium term. All economic sectors are expected to benefit from the recent policies such as NETR, NIMP 2030 and MTR of the Twelfth Plan, which are in tandem with the Ekonomi MADANI framework. Looking ahead, effective implementation of these policies will further enhance economic growth and resilience as Malaysia navigates through the challenging global landscape.

(Source: Economic Outlook 2024, Ministry of Finance)

5.2 Outlook and prospect of the oil and gas industry

5.2.1 Introduction to OGSE

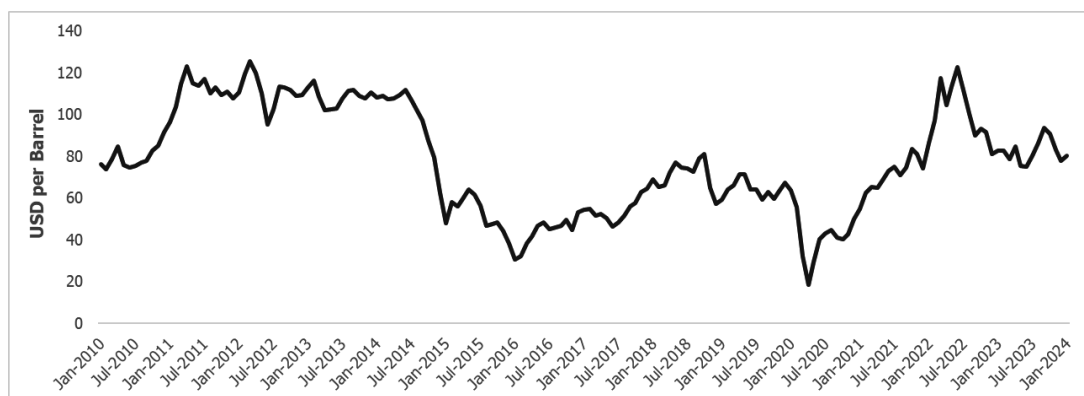
The oil and gas industry revolves around the exploration, extraction and processing of crude oil and natural gas, and is segmented into upstream, midstream and downstream sectors. The upstream sector involves the exploration, development and extraction of crude oil or gas from onshore or offshore oil or gas fields. The midstream sector involves transporting of crude and refined petroleum products to refinery, processing and storage facilities. Lastly, the downstream sector involves refining of crude oil, processing of natural gas, manufacturing of petroleum and petrochemical products, and marketing and retailing of petroleum and petrochemical products to end-users.

OGSE refers to broad categories of products and services that support the needs of the oil and gas value chain from upstream to downstream sectors. In Malaysia, OGSE can be divided into 2 types, namely SWECs for services and SWECs for products classified by PETRONAS. Some examples of SWECs for services include consultancy services, electrical engineering and maintenance, engineering design, architecture and draughting services, floating and mobile offshore facilities, manpower supply, marine transportation and support services, offshore facilities construction as well as pipeline and associated services. Meanwhile, some examples of SWECs for products include chemicals, drilling equipment and materials, electrical, instrumentation, insulation, pipes, mechanical, rotating equipment, civil and structural, subsea and valves.

5.2.2 Overview of the Global Oil and Gas Industry

The world crude oil production increased by 4.98% from 69.35 million barrels per day in 2021 to 72.80 million barrels per day in 2022. The Middle East region remained as the largest crude oil producing region, contributing 25.09 million barrels per day while the Asia-Pacific region contributed 6.24 million barrels per day in 2022. On a closer look, the top 5 crude oil producing countries in the world in 2022 were the United States of America, Saudi Arabia, Russia, Iraq and China while in the Asia-Pacific region, major crude oil producing countries are China, India, Indonesia and Malaysia. Major crude oil producing countries in the Middle East region include Iran, Iraq, Kuwait, Oman, Saudi Arabia and United Arab Emirates.

Figure 1: Historical Crude Oil Prices, 2010 – January 2024



Source: U.S. Energy Information Administration (“EIA”)

As prices of crude oil have been cyclical, Protégé Associates has used the historical price movements of the Europe Brent Spot Price FOB as a proxy for the overall price trend of crude oil in the world. Since registering a price of USD108.56 per barrel in 2013, crude oil prices have hovered between USD43.64 per barrel to USD98.97 per barrel from 2014 to 2019. In 2020, the crude oil prices have been under heavy downward pressures due to the price war sparked by Saudi Arabia and the fuel demand destruction caused by the COVID-19 pandemic. The crude oil prices had declined sharply from USD63.65 per barrel in January 2020 to USD18.38 per barrel in April 2020, caused by contraction in worldwide oil demand and massive selloffs amid a significant global oversupply. However, oil demand has slowly picked up and the global oversupply of oil has gradually alleviated as movement and travel restrictions eased and economic activity resumed in many countries. Furthermore, news about the roll-out of COVID-19 vaccines raised optimism on oil demand recovery. By December 2020, the crude oil price rose to USD49.99 per barrel.

Crude oil prices continued to recover in 2021 albeit a resurgence in COVID-19 cases. This was mainly due to the reluctance of many governments to reimpose lockdown measures that had resulted in a slowdown in the global economy. The rise in demand for oil following a recovery in economic activities quickly erased the oil glut situation, and with oil producers unable to timely restart production led to demand outstripping supply. The slow increase in crude oil production was mainly attributable to the OPEC and its allies (together known as OPEC+) agreeing to cut production in late 2020. The bloc had agreed to limit production increases throughout 2021 to support higher crude oil prices. The price of the Europe Brent Spot Price FOB increased from USD54.77 per barrel in January 2021 to USD74.17 per barrel in December 2021 (the average price was USD70.86 per barrel for 2021).

In 2022, crude oil prices continued to climb higher. In particular, the war between Russia and Ukraine has caused disruptions to the global supply chain. As one of the largest exporters of oil in the world, Russia’s involvement in the war throws oil supply from the country into doubt. Crude oil prices have hovered between USD100.45 and USD122.71 per barrel from March to August 2022. However, due to recession fears in some major economies as well as the economic slowdown in China, oil prices dipped below USD100 per barrel in September 2022. To support sliding oil prices, OPEC+ agreed to a production cut of 2 million barrels per day in early October 2022 starting November 2022 until end of 2023. Oil prices stood at USD80.92 per barrel by the end of December 2022.

On 2 April 2023, OPEC+ announced a further production cut of 1.16 million barrels per day, which is anticipated to cause a rise in crude oil prices. Saudi Arabia later pledged an additional voluntary output reduction of 1 million barrels per day for the month of July, which could be extended. In November 2023, OPEC+ agreed to extend the production cuts into the first quarter of 2024. Further, China’s economic recovery has continued to keep crude oil prices stable. By December 2023, the crude prices stood at USD77.63 (the average price was USD82.47 per barrel for 2023). The crude oil prices stood at USD83.48 per barrel in February 2024.

The world marketed production of natural gas was almost consistent for 2021 and 2022, with production amounting to 4.172 trillion standard cubic meters and 4.167 trillion standard cubic meters, respectively. After the Americas (1.25 billion standard cubic metres) and Eurasia (838,674.00 million standard cubic metres), the Middle East region was the 3rd largest regional source of marketed production of natural gas, contributing 736,470.00 million standard cubic metres of the world marketed production of natural gas in 2022 while the Asia-Pacific region stood at 704,660.00 million standard cubic metres in 2022. On a closer look, the 5 countries with the highest marketed production of natural gas in the world in 2021 were the United States of America, Russia, China, Iran and Qatar while in the Asia-Pacific region, major countries for marketed production of natural gas include China, Australia, Indonesia and Malaysia.

In terms of the world refinery capacity, it has increased slightly from 101.26 million barrels per calendar day in 2021 to 101.77 million barrels per calendar day in 2022. In 2022, the Asia-Pacific region had the highest refinery capacity at 36.49 million barrels per calendar day while the refinery capacity in the Middle East region stood at 10.04 million barrels per calendar day. Countries in the Asia-Pacific and the Middle East regions with refinery capacity of more than 2.00 million barrels per calendar day in 2022 were China, India, Japan, South Korea, Iran and Saudi Arabia. Similarly, the world output of petroleum products has also increased from 89.19 million barrels per day in 2021 to 91.12 million barrels per day in 2022. The Asia-Pacific region has remained as the largest petroleum products producing region with 32.90 million barrels per day produced in 2022 while the output of petroleum products in the Middle East region stood at 8.29 million barrels per day. Countries in the Asia-Pacific and the Middle East regions with output of petroleum products of more than 2.00 million barrels per day in 2022 were China, India, Japan, South Korea and Saudi Arabia.

5.2.3 Overview of the Malaysian Oil and Gas Industry

The Malaysian oil and gas industry has come a long way since its first official oil discovery in 1882. Initially, only onshore fields were explored for petroleum. Later, the improvement in offshore petroleum technology provided the necessary catalyst for offshore oil exploration activities. The breakthrough came in 1962 when oil was discovered in 2 offshore areas in the state of Sarawak. As for Peninsular Malaysia, the first oilfield in Peninsular Malaysia was discovered in 1971. Today, the oil and gas industry has become one of the mainstays of the Malaysian economy and it is part of the broader mining and quarrying sector. In 2022, the mining and quarrying sector accounted for RM96.20 billion or 6.37% of the Malaysian's real gross domestic product. Out of the mining and quarrying sector, the crude oil and condensate, and natural gas related activities contributed RM87.47 billion or 5.79% of the Malaysian's real gross domestic product in 2022. The crude oil and condensate, and natural gas related activities is projected to register a modest decline of 1.63% to RM86.04 billion in 2023, followed by a growth of 7.65% to reach RM92.62 billion in 2024, in terms of the Malaysia's real gross domestic product.

In 2022, Malaysia is a net importer of crude petroleum (by value) with a deficit of RM21.39 billion. The export value of crude petroleum amounted to RM31.55 billion while the import value of crude petroleum amounted to RM52.94 billion. On the other hand, Malaysia is a net exporter of refined petroleum products (by value) in 2022. The export value of refined petroleum products amounted to RM151.66 billion while the import value of refined petroleum products amounted to RM139.83 billion during the year.

Heavy investments made in recent years such as the Pengerang Integrated Complex and new Integrated Aroma Ingredients Complex start to bear fruit and bolster the downstream capabilities of the country. PETRONAS has successfully ventured into specialty chemicals and has higher refining capacity to balance Malaysia's gasoline supply and demand. In addition, PETRONAS is now better positioned to undertake a lot more blending of oil to meet demand for low-sulphur oil from shippers following the new fuel regulations by the International Maritime Organization.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of liquefied natural gas (“LNG”) per annum. While the country experienced a dip in value of exports of LNG in 2020 at RM29.87 billion due to effects of COVID-19, exports rebounded in 2021 to stand at RM38.19 billion. this signified a 78.0% increase over the previous year in terms of value of exports for LNG in Malaysia. With key LNG assets such as the PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world’s largest LNG production facilities at a single location, Malaysia is expected to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

5.2.4 Overview of the Marine Transportation and Support Services Market in Malaysia

The marine transportation and support services market encompasses the transportation of personnel, equipment and supplies, as well as extracted oil and gas, and refined petroleum products across water bodies. In Malaysia, marine transportation and support services mainly involves tankers and OSVs.

Tankers are merchant vessels designed to transport liquid and gas bulks, encompasses the transportation of crude oil, refined petroleum products (both clean and dirty products) and chemicals from one destination to another. In addition, the liquid cargoes in these tankers are carried in numerous bulk tanks inside the vessels. This specific design bulk tanks mainly serves two reasons, including for safety and in order to transport a number of different liquid products at the same time. There are four categories of tankers, namely crude oil tankers, product tankers, chemical tankers as well as other tankers (which includes bulk carriers and containerships).

OSVs on the other hand, are predominantly built for providing the necessary assistance to the offshore oil and gas industry particularly in supporting offshore activities. The main tasks of OSVs include carrying goods, supplies, equipment or crew on a regular basis in support of activities such as exploration, exploitation and production of oil and gas resources. OSVs generally falls into various functional classifications and is classified according to its operating characteristics or capabilities. OSVs are generally highly manoeuvrable, capable of storing consumables, have large and open aft deck and come with the necessary equipment for anchor handling, cargo and towing operations.

Figure 2: Types and Descriptions of Selected OSVs

Type	Description
Anchor Handling Tug Supply (“AHTS”)	<ul style="list-style-type: none"> Primarily used to place anchors for drilling rigs at locations as well as to tow mobile drilling rigs and equipment to different locations.
Barge	<ul style="list-style-type: none"> Is typically a flat-bottomed vessel built mainly for transporting supplies or bulk cargo to offshore platforms.
Construction Support Vessel	<ul style="list-style-type: none"> Often plays a supporting role in assisting the construction and installation of offshore platforms as well as pipelines by transporting bulk cargoes of required materials and supplies.
Crewboat	<ul style="list-style-type: none"> Used for fast mobilisation of crew or cargo between production platforms and rigs. Are usually used for transporting supplies or crew on a time-sensitive basis because it is designed for speed.
Diving Support Vessel	<ul style="list-style-type: none"> Used for providing support or to facilitate diving operations performed at the oil production platforms as well as for related installations in open water.
Drill Ship	<ul style="list-style-type: none"> Is fitted with drilling equipment designed to do exploratory drilling for new oil or gas fields in deep water.

Type	Description
Floating Production, Storage and Offloading Vessel	<ul style="list-style-type: none"> • Is a flexible stand-alone facility with storage capacity that is capable of being relocated when required and has storage capacity (may be converted to a tanker when required) and is capable of relocation when required. • May also be converted to a tanker when required. • Participating in the offshore oil and gas production process by facilitating transportation, processing, storing and offloading of oil from the offshore fields.
Platform Supply Vessel	<ul style="list-style-type: none"> • Used to assist drilling and production facilities. • Providing support for offshore construction and maintenance works. • Also used for carrying supplies, equipment and crew to platforms.
Remotely Operated Vehicle	<ul style="list-style-type: none"> • Is generally utilised to repair complex deepwater production systems. • Also used in highly specialised operations particularly tasks that are not considered suitable for humans' intervention.
Specialty Vessel	<ul style="list-style-type: none"> • Providing support to ROVs or other vessels that are involved in oil and gas exploration activities such as seismic data gathering. • Is also used for activities related to oil recovery and oil spill response
Standby Support Vessel	<ul style="list-style-type: none"> • Is typically put on station as a contingency measure to provide a safety backup particularly to offshore rigs and production facilities • Is generally required for all manned locations and used for safety patrolling duty at specific areas. • Can also act as supply vessel if required.
Bunker Barges	<ul style="list-style-type: none"> • Is generally used to supply vessels with fuel while the vessels are at anchor in port or are tied up alongside in port.
Tug	<ul style="list-style-type: none"> • Used to tow or push other vessels such as barges. • Often works hand-in-hand with barges as single operating system.
Utility Vessel	<ul style="list-style-type: none"> • Used to provide support in the offshore oil and gas E&P activities by transporting oil field support equipment and to a lesser extent, crew as well. • Sometimes it may be used to provide standby functions.

Note: The above list of OSVs is not exhaustive and only serves to provide a better understanding to readers.

Source: Protégé Associates

5.2.5 Historical Market Performance and Growth Forecast

The potential size of the OGSE industry in Malaysia is heavily dependent on the capital expenditure committed by PETRONAS. As the custodian of Malaysia's petroleum resources, PETRONAS allocates budgets and determines upstream and downstream oil and gas projects that will be undertaken in Malaysia which have a positive impact on the participation rate and revenue stream of OGSE industry players. For the purpose of this report, Protégé Associates has used the annual domestic capital expenditure programme of PETRONAS as a proxy to gauge the historical performance and future outlook of the OGSE industry in Malaysia.

Figure 3: Historical and Growth Forecast of the Domestic Capital Expenditure of PETRONAS, 2020-2027

Year	Domestic Capital Expenditure (RM billion)	Growth Rate (%)
2020	17.50	-
2021	15.00	-14.29
2022	18.60	24.00
2023	26.20	40.86
2024 ^f	26.50	1.15
2025 ^f	27.00	1.89
2026 ^f	27.50	1.85
2027 ^f	28.00	1.82
2028 ^f	28.00	-

CAGR (2024-2028) (base year of 2023): 1.34%

Note: *f* denotes forecast

Sources: PETRONAS and Protégé Associates

The PETRONAS domestic capital expenditure increased by 24.0% from RM15.00 billion in 2021 to RM18.60 billion in 2022 driven by the growth of the Malaysian oil and gas industry. Amidst the continued disruption in global oil supply chain due to the Russian-Ukraine war as well as the economic recovery in a post-pandemic environment, PETRONAS has continued to strengthen our business and pursue capital expenditure on exploration, development, and production activities to sustain and grow production in Malaysia.

In 2023, the domestic capital expenditure of PETRONAS increased by 40.86% to RM26.20 billion. The increase is mainly attributed to PETRONAS's investments in key projects including its Nearshore Floating LNG project in Sabah, the Kasawari Gas Field development, and the carbon sequestration (process of capturing and storing atmospheric carbon dioxide) facilities in Sarawak. Furthermore, the high average crude oil prices environment throughout the year facilitated PETRONAS robust spending endeavours. The increase in PETRONAS' capital expenditure would benefit the OGSE players due to increased demand for their services.

According to its 2024-2026 Activity Outlook, PETRONAS is committed to its long-term target to sustaining and growing Malaysia's oil and gas production within the next three years. To enhance production efficiency and sustainability in the oil and gas industry, approximately 300 Facilities Improvement Plans ("FIPs") are to be carried out annually for the next three years. These include rejuvenation projects, gas turbine and generator replacements, and other major maintenance works. Moreover, decommissioning activities will be carried out for about 150 matured assets while disused assets will be assessed for potential reuse or repurposing. The downstream business is increasingly expanding into cleaner energy initiatives such as the ongoing development of a greenfield biorefinery and co-processing plant that is set to begin in 2026, alongside the expansion of LNG bunkering and PETRONAS automotive fluid solutions for electric vehicles ("EVs") and other thermal management applications. These aforesaid developments are anticipated to provide opportunities for the OGSE players across exploration, development, production and decommissioning activities.

According to PETRONAS, its capital investment allocation over the next five years between 2023 to 2027 is expected to be 43.0% higher than the last five years (between 2018 to 2022), primarily as a result of scaling up investments in the core business, lowering its emissions as well as investing in new business to future-proof PETRONAS's portfolio. Going forward, the annual domestic capital expenditure of PETRONAS is projected to increase from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resilience of the OGSE industry.

5.2.6 Outlook and Prospect of the OGSE Industry in Malaysia

The outlook for the local OGSE industry is dependent to a large extent on the annual domestic capital expenditure of PETRONAS. The domestic capital expenditure by PETRONAS stood at RM18.60 billion in 2022, which is an increase from the RM15.00 billion recorded in the previous year, driven by the growth of the Malaysian oil and gas industry. In recent years, the crude oil prices have been volatile due to the impact of COVID-19 pandemic. Moreover, the Russia-Ukraine war has further disrupted the global oil supply chain, causing the crude oil prices to rise above USD100 per barrel during the period of March to August 2022. Furthermore, concerns over potential recession in major economies and the economic slowdown in China has contributed to the pressure on the crude oil prices. In spite of these challenges, PETRONAS nevertheless has continued to strengthen its business and pursue capital expenditure on exploration, development and production activities to sustain and grow production in Malaysia.

In 2023, the domestic capital expenditure of PETRONAS reached RM26.20 billion. Moving forward, growth is expected to be supported by PETRONAS's commitment to its long-term target to sustaining and growth Malaysia's oil and gas production, coupled with expected high average crude oil prices environment that will facilitate PETRONAS' spending endeavours. As such, the annual domestic capital expenditure of PETRONAS is projected to increase from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry.

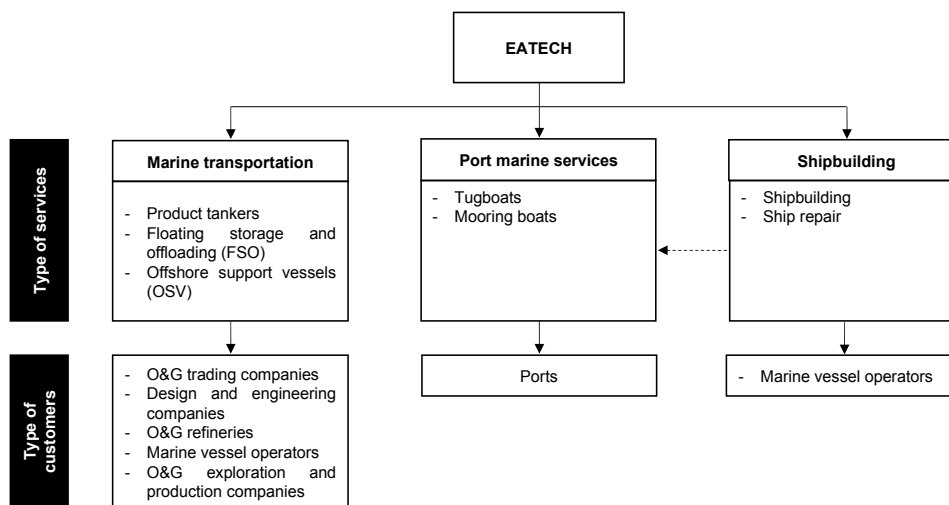
Factors boosting growth within the local OGSE industry is likely to come from the presence of strategic petroleum reserves as well as continuing influx of investments that can stimulate more upstream and downstream oil and gas activities. In addition, the local OGSE industry can count on the petrochemical industry as a long-term source of incremental demand for oil. However, fluctuations in crude oil prices can lead to fluctuations in the earnings of companies, which may affect the expansion of the industry. While the implementation of further efficiency improvements in the road transportation and increasing threat of substitutability from greener and renewable sources of energy may poses a threat to the growth of the local OGSE industry, they are not expected to markedly impact the demand for fossil fuels during the forecast period. The green energy transition process is expected to progress gradually, with fossil fuels projected to account for 78.0% of the global energy mix by 2032, compared with 81.0% recorded in 2022. Therefore, fossil fuels is expected to remain the familiar and are more cost-efficient choice for the majority of major energy users.

On the supply side, strong leadership by PETRONAS along with the close attention and support from the Government means that the local oil and gas industry (including the OGSE industry) is being guided by steady hands in navigating its future direction. On the flip side, the level of participation in the local OGSE industry is hindered by the relatively high regulatory barriers to entry. In addition, the lack of investment into the oil and gas sector is also expected to affect the development of the local oil and gas industry, including the OGSE industry.

Source: Protégé Associates

5.3 Overview and prospect of the EATECH Group

The Group is a local marine company that owns and operates marine vessels, where its business is focused on provision of marine transportation, port marine services and shipbuilding, as illustrated in the following diagram.



a) Marine transportation

The Group’s marine transportation activities involves transportation of petroleum products, light cargoes and personnel. The marine vessels of the Group are chartered out to its customers based on the following arrangements:

- (i) Time charter : Provides the vessel, its crew and operates the vessel under the charterer’s command.
- (ii) Bareboat charter : Provides the vessel whilst the charterer is responsible for providing the crew.
- (iii) Spot charter : Provides the vessel for one-off chartering for a single voyage.

As at the LPD, the Group has 11 vessels supporting its marine transportation services. The breakdown of the number of each respective type of vessel is as disclosed below. The breakdown of its vessels and their corresponding services are as follows:

(i) Product tankers

The Group’s product tankers are mainly used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing.

As at the LPD, the Group owns 2 Clean Petroleum Product (“CPP”) tankers for fuel oil. Details of the Group’s fleet of product tankers are as follows:

Vessel	Vessel specifications
	Name: Nautica Kluang 2 Year built/age: 2021/ 3 Year registered/acquired: 2021 Owner: EATECH Flag/current location: Malaysia Type: Oil tanker Dead Weight Tonne (“DWT”) (MT): 9,499.60 Speed: 10.00 – 12.00 laden Length Overall (“LOA”): 119.90 meter NBV*: RM56.83 million
	Name: Nautica Pontian 2 Year built/age: 2021/ 3 Year registered/acquired: 2021 Owner: EATECH Flag/current location: Malaysia Type: Oil tanker DWT (MT): 9,000.00 Speed: 10.00 – 12.00 laden LOA: 119.90 meter NBV*: RM57.06 million


Note:
 * Unaudited NBV as at 31 March 2024

(ii) Floating storage and offloading (“FSO”)

FSO are tanker-based vessels that functions similarly to semi-permanent offshore storage facilities, which are typically used to support production platforms as an offshore O&G storage facility. In addition, FSO are used as substitutes for offshore storage of O&G, particularly to service refineries due to the shorter time period required and the lower capital cost as compared to constructing an onshore O&G storage tank.

As at the LPD, the Group owns one (1) FSO namely Nautica Tembikai where its last contract ended on 22 August 2023. Since the completion of its last contract, Nautica Tembikai has been laid up and the Group is actively seeking for a prospective buyer to dispose of the vessel to avoid bearing the maintenance and laid up costs. Other plans for the FSO segment include seeking for prospective partners to undertake FSO services contract if such opportunity arises or undertake the FSO services on its own by acquiring vessel with such capabilities. Further details of the Group's plans for the FSO segment are available in **Section 5.4** of Part A of this Circular.

Details of the Group's FSO as at LPD are as follows:

Vessel	Vessel specifications
	<p>Name: Nautica Tembikai Type: FSO Year built/age: 1996/ 28 Year registered/acquired: 2014 Year of conversion to FOIS: 2008 Owner: EATECH Flag/current location: Malaysia Classification: Bureau Veritas Service speed (knots): 15.00 LOA: 182.50 meter NBV*: RM14.84 million</p>


Note:



* Unaudited NBV as at 31 March 2024

(iii) Offshore support vessels (“OSV”)

OSV are designed to support the upstream offshore O&G activities, such as exploration, development and production. The Group's OSV comprises of fast crew boats and harbour tugs mainly used to transport personnel and light cargoes between shore to platform and other offshore facilities, as well as assist on berthing and unberthing operations at plant.

As at the LPD, the Group owns 3 fast crew boats and 5 harbour tugs under OSV categories. Details of the Group's fast crew boats are as follows:

Vessel	Vessel specifications
	<p>Name: Nautica Gambir Year built/age: 2018/ 6 Service speed (knots): 28 Year registered/acquired: 2 July 2018 Owner: EATECH Flag/current location: Malaysia Type: Crew boat Engine: 3 x BAUDOIN 12 M26 3 P2 DWT: 138 tonnes LOA: 39.00 meter NBV*: RM15.52 million</p>

Vessel	Vessel specifications
	Name: Nautica Langsat Year built/age: 2016/ 7 Service speed (knots): 25 Year registered/acquired: 2016 Owner: EATECH Flag/current location: Malaysia Type: Crew boat Engine: 3 x BAUDOUIIN 12 M26 3 P2 DWT: 138 tonnes LOA: 39.00 meter NBV*: RM12.05 million
	Name: Nautica Tg. Puteri XXX Year built/age: 2014/ 10 Service speed (knots): 21 Year registered/ acquired: 2014 Owner: EATECH Flag/ current location: Malaysia Type: Crew boat Engine: 3 x CUMMINS DIESEL ENGINE KTA38-M2 DWT: 140 tonnes LOA: 40.00 meter NBV*: RM11.94 million



Note:

* Unaudited NBV as at 31 March 2024

The 5 harbour tugs under OSV category that currently serving Petronas Floating LNG 1 are listed below:

- (i) Nautica Tg. Puteri XXIII
- (ii) Nautica Tg. Puteri XXVII
- (iii) Nautica Tg. Puteri XXVIII
- (iv) Nautica Tg. Puteri XXIX
- (v) Nautica Tg. Puteri XXXVII

Details of these 5 tugs for OSV category as at LPD are as follows:

Vessel	Vessel specifications
	Name: Nautica Tg. Puteri XXVIII Year built/age: 2017/ 7 Year registered/acquired: 2017 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug Net tonnage: 205 tonnes Bollard pull: 60 tonnes LOA: 32.00 meter NBV*: RM18.11 million
	Name: Nautica Tg. Puteri XXXVII Year built/age: 2020/ 4 Year registered/acquired: 2020 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug Net tonnage: 96 tonnes Bollard pull: 45 tonnes LOA: 30.50 meter NBV*: RM16.92 million

Vessel	Vessel specifications
	Name: Nautica Tg. Puteri XXIII Year built/age: 2015/ 9 Year registered/acquired: 2015 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug Net tonnage: 96 tonnes Bollard pull: 45 tonnes LOA: 30.25 meter NBV*: RM13.83 million
	Name: Nautica Tg. Puteri XXVII Year built/age: 2016 / 8 Year registered/acquired: 2015 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug Net tonnage: 140 tonnes Bollard pull: 60 tonnes LOA: 32.00 meter NBV*: RM17.56 million
	Name: Nautica Tg. Puteri XXIX Year built/age: 2015 / 9 Year registered/acquired: 2015 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug Net tonnage: 142 tonnes Bollard pull: 60 tonnes NBV*: RM14.55 million

Note:

* Unaudited NBV as at 31 March 2024

b) Port marine services

The Group provides port marine services, such as towage and mooring services, for petrochemical and bulk, as well as containerised ports in Malaysia. The types of port marine services provided by the Group are as follows:

- (i) **Towage services** : Towage services involves towing, pushing, dragging or maneuvering vessels in the water through the use of a rope or cable attached to a tugboat. Towage services are utilised to supply power for assisting and accelerating the progress of moving the vessel in the port area.
- (ii) **Mooring services** : Mooring services involves securing marine vessels to specially constructed fixtures, such as, amongst others, piers, quays, wharfs, jetties, anchor buoys and mooring buoys.

As at the LPD, the Group has two (2) types of marine support vessels, namely tugboats and mooring boats, for its transportation of light cargoes and personnel activities. The Group's towage services encompass operating tugboats to tow and assist in maneuvering other vessels and structures, whilst its mooring services are supplementary services.

Currently, the Group provides its port marine services to the following ports:

- (i) Sg Udang Port;
- (ii) Kerteh Port; and
- (iii) North Port.

The descriptions of the types of marine support vessels are as follows:

- (i) Tugboats

Tugboats are vessels that are designed to maneuver to tow other vessels, rigs, platforms and other offshore structures, such as, amongst others, barges, disabled vessels, as well as drilling rigs and platforms.

The tugboats operated by the Group are harbour tugboats or utility tugboats. The descriptions of harbour tugboats and utility tugboats are as follows:

- (i) Harbour tugboats : Harbour tugboats are generally utilised within the port areas and are smaller than seagoing tugboats, but with higher width-to-length ratio.
- (ii) Utility tugboats : Utility tugboats are generally equipped for conducting maintenance services on vessels located in both the port and offshore facilities.

As at the LPD, for port marine, the Group operates 14 tugboats, all of which are owned by the Group.




Details of the Group's tugboats are as follows:

Vessel name	Type	Age	Year built	Bollard pull (Tonnes)	NBV* (RM'mil)
Location: Kerteh Port					
Nautica Tg. Puteri I	Harbour tug	19	2005	40	3.49
Nautica Tg. Puteri XVII	Harbour/ utility tug	11	2013	50	12.06
Nautica Tg. Puteri XXII	Harbour/ utility tug	9	2015	40	12.32
Location: Sg Udang Port					
Nautica Tg. Puteri XI	Harbour tug	12	2012	40	9.72
Nautica Tg. Puteri XII	Harbour/ utility tug	12	2012	40	10.20
Nautica Tg. Puteri XV	Utility tug	11	2013	40	10.65
Nautica Tg. Puteri XVI	Utility tug	11	2013	40	9.57
Nautica Tg. Puteri XXXVIII	Harbour/ utility tug	2	2022	40	17.12
Location: North Port					
Nautica Tg. Puteri XIX	Harbour/ utility tug	11	2013	40	9.56
Nautica Tg. Puteri XX	Harbour/ utility tug	11	2013	40	9.63
Nautica Tg. Puteri XXI	Harbour tug	9	2015	40	12.05
Nautica Tg. Puteri XXIV	Harbour tug	9	2015	50	11.87
Nautica Tg. Puteri XXV	Harbour tug	9	2015	50	12.13
Nautica Tg. Puteri XXVI	Harbour tug	9	2015	50	12.32

Note:

* Unaudited NBV as at 31 March 2024

Examples of some of the Group's tugboats are as follows:

Vessel	Vessel specifications
	Name: Nautica Tg. Puteri XV Year built/age: 2012/ 12 Year registered/acquired: 2012 Owner: EATECH Flag/current location: Malaysia Type: Utility tug Net tonnage: 96 tonnes Bollard pull: 40 tonnes LOA: 30.50 meter NBV*: RM10.65 million
	Name: Nautica Tg. Puteri XVII Year built/age: 2013/ 11 Year registered/acquired: 2013 Owner: EATECH Flag/current location: Malaysia Type: Harbour tug / utility tug Net tonnage: 86 tonnes Bollard pull: 50 tonnes LOA: 31.00 meter NBV*: RM12.06 million
	Name: Nautica Tg. Puteri XIX Year built/age: 2013/ 11 Year registered / acquired: 2013 Owner: EATECH Flag / current location: Malaysia Type: Harbour tug / utility tug Net tonnage: 107 tonnes Bollard pull: 40 tonnes LOA: 29.00 meter NBV*: RM9.56 million


Note:

* Unaudited NBV as at 31 March 2024

(ii) Mooring boats

Mooring boats are vessels that are designed to secure other marine vessels to specifically constructed fixtures, such as piers, wafts, quays, jetties, anchor buoys and mooring buoys. Mooring boats are typically used for final positioning of larger vessels to other floating structures to ensure that they are safely secured to fixtures.

As at the LPD, the Group operates 1 mooring boat. Details of the Group's mooring boat is as follows:

Vessel	Vessel specifications
	Name: Nautica Tg. Puteri XVIII Year built/age: 2012/ 12 Service speed (knots): 10 Year registered/acquired: 2012 Owner: EATECH Flag/current location: Malaysia Type: Mooring boat Net tonnage: 205 tonnes Bollard pull: 3 tonnes LOA: 32.00 meter NBV*: RM0.52 million


Note:

* Unaudited NBV as at 31 March 2024

The Group's total fleet of marine vessels by business activity are summarised as follows:

Business activity	Type of vessel	Owned vessel	Third-party vessel	Total
Marine transportation	O&G tankers			
	- Product tankers	2	-	2
	- FSO	1	-	1
	OSV			
	- Fast crew boats	3	-	3
Port marine services	Marine support vessels			
	- Harbour tugboats	11	-	11
	- Utility tugboats	2	-	2
	- Harbour/ utility tugboats	6	-	6
	- Mooring tugboats	1	-	1
Others	Non-operating vessels			
	- Steel pontoon	1	-	1
	Total	27	-	27

Details on the Group's non-operating vessel is as follows:

Vessel	Vessel specifications
	Name: Nautica Amal II Type: Steel pontoon Year built/age: 2005 / 19 Year acquired: 2015 Owner: EATECH Current location: Malaysia Gross tonnage: 61 tonnes LOA: 24.00 meter NBV*: RM0.08 million

Note:

* Unaudited NBV as at 31 March 2024

As at LPD, EATECH is in the midst of seeking potential buyers for the above vessel.

c) Shipbuilding

The Group undertakes shipbuilding and ship repairs to support its marine vessel operations. The Group also undertakes minor fabrication of steel structures, such as, amongst others, skids and piping systems, in its shipyard which are mainly utilised for the marine vessels. Examples of the shipbuilding and ship repair works undertaken by the Group are as follows:

- (i) Shipbuilding : Construction of hull and structure, installation of machinery, equipment and instruments, embedding systems on deck of the vessel, painting, coating, as well as testing and commissioning.
- (ii) Ship repair : Inspection, replacement, modification, removal, installation and cleaning.

The Group commenced its shipbuilding operations in 2008 to support and expand its marine transportation and port marine services business operations. Nevertheless, in 2022, as part of an initiative taken by management to mitigate the Group's overall overhead cost, the Group began to offer its shipbuilding space and facilities to external parties to obtain additional income.

The Group's shipbuilding and ship repair operations are carried out at a shipyard in Hutan Melintang, Perak. The shipyard has a water frontage of approximately 350 meters in length, quayside water depth of approximately 3 meters at low tide and up to 6 meters at high tide, with a 130 meter long launching bay. The shipyard is capable of constructing up to six (6) tugboats (of 35 meter each) concurrently or one (1) unit of 120 meter tanker at any time. The Group had successfully constructed 8 vessels which are as follows:

Year registered	Vessel name	Vessel type
2010	Nautica Tg. Puteri IX	Mooring boat
2010	Nautica Tg. Puteri X	Mooring boat
2011	Nautica Maharani ⁽¹⁾	Tanker
2012	Nautica Tg. Puteri XI	Harbour tug
2012	Nautica Tg. Puteri XII	Harbour tug
2012	Nautica Tg. Puteri XV	Utility tug
2013	Nautica Tg. Puteri XVI	Utility tug
2020	Nautica Tg. Puteri XXXVII	Harbour tug

Note:-

- (1) Johor Shipyard and Engineering Sdn Bhd was involved in the design and construction of the tanker. The license of the tanker was held by a third party.

As at LPD, the Group maintains a mobile repair and service team at Johor Shipyard and Engineering Sdn Bhd to undertake repair works onsite for its own vessels.

5.3.1 Competitive strengths

- (i) Experienced key management

The Group has an experienced management team with vast knowledge and experience in their respective fields. The operations of the Group are spearheaded by Encik Nasrul, the Chief Executive Officer, who has more than 20 years of experience in the banking and O&G industry. He is supported by Puan Mariam, the Chief Financial Officer and Mr New, the General Manager who each has more than 20 years of experience in their respective fields. The Group's key management is supported by an experienced team of engineers and various middle managers which comprises of 19 personnel.

Kindly refer to **Section 5.3.2** below for further information on the profiles of the key management.

(ii) Track record and established reputation in the marine charter vessel industry

The Group has a track record of over 30 years in the marine charter vessel industry. Since the Company began operations in 1995, it has continuously expanded its service offering by building and acquiring additional marine vessels, as well as provide port marine services. The Group also offers spot charter services to better cater to the customers' requirements, as well as to provide the customers with additional options for its marine vessel charter arrangement.

The list of contracts below demonstrates some of the Group's track record in the charter marine vessel industry.

<u>Year</u>	<u>Vessel</u>	<u>Project scope</u>	<u>Firm period + extension (years)</u>	<u>(A) Contract value for firm period (RM'million)</u>	<u>(B) Contract value for extension (RM'million)</u>	<u>(A + B) Total contract value (RM'million)</u>
2013	Nautica Tg. Puteri XIX, Nautica Tg. Puteri XX, Nautica Tg. Puteri XXI, Nautica Tg. Puteri XXIV, Nautica Tg. Puteri XXV & Nautica Tg. Puteri XXVI	Construct and operate 6 units of tugboats	10 + 2	140.24	31.97	172.21
2018	Nautica Tg. Puteri XXX, Nautica Gambir & Nautica Langsat	Provision and operation of fast crew boat	3 + 2	31.92	21.28	53.20
2019	Strovolos for TST Sepat	Temporary storage tanker	1 + 6 months	12.03	72.15	84.18
2019	Nautica Tg. Puteri I, Nautica Tg. Puteri XVII & Nautica Tg. Puteri XXII	Supply and operation of 3 units of harbour tugs	5 + 2	46.99	18.80	65.79
2012 – 2019	Nautica Muar	Provide bareboat charter and ship management for Nautica Muar	7 + 1	50.12	7.16	57.28
2019	Nautica Kluang 2 & Nautica Pontian 2	Shipbuilding and charter hire of 2 tankers	5 + 5	159.69	159.14	318.83
2021	Nautica Tembikai	Provide FSO for Tembikai Field	2 + 2	54.08	54.08	108.16

<u>Year</u>	<u>Vessel</u>	<u>Project scope</u>	<u>Firm period + extension (years)</u>	<u>(A) Contract value for firm period (RM'million)</u>	<u>(B) Contract value for extension (RM'million)</u>	<u>(A + B) Total contract value (RM'million)</u>
2022	Nautica Tg. Puteri XXXVIII & Nautica Tg. Puteri XVIII	Provide and operate tugboat and mooring boat	5 + 3	22.27	13.36	35.63
2022	Nautica Tg. Puteri XXIII, Nautica Tg. Puteri XXVII, Nautica Tg. Puteri XXVIII, Nautica Tg. Puteri XXIX, & Nautica Tg. Puteri XXXVII	Charter hire for OSV	2 + 2	57.77	64.06	121.83
2023	Nautica Tg. Puteri XV & Nautica Tg. Puteri XVI	Charter hire for harbour tug & utility tug	2 + 1	12.63	6.31	18.94
2023	Nautica Tg. Puteri XI & Nautica Tg. Puteri XII	Charter hire for harbour tugs	2 + 1	12.78	6.39	19.17
2023	Nautica Tg. Puteri XXX ⁽ⁱ⁾	Charter hire for fast crew boat	5 + 3 months	2.51	1.53	4.04
2023	Nautica Langsat	Charter hire for fast crew boat	123 + 258 days	6.48	-	6.48
2024	Nautica Gambir	Charter hire for fast crew boat	180 days	3.56	-	3.56

Note:-

(i) For information, the contract was previously serviced by Nautica Gambir.

For information, the contract value is computed based on the daily charter rates of the respective vessels multiplied with number of days forming the contract tenure. The tenures are stipulated in the contracts.

The Group's long track record and established reputation in the industry has enabled it to build market awareness in the marine charter vessel industry, as well as strategically position itself to support its future expansion and growth plans.

(iii) Ownership of marine vessels

Currently, the Group's fleet of marine vessels consists of 27 owned marine vessels, consisting of product tankers, FSO, fast crew boats, harbor tugboats, utility tugboats and mooring tugboats.

The diverse fleet of 27 marine vessels owned by the Group enables it to meet various requirements by its customers. Further, as the marine vessels are owned by the Group, the Group is able to generate higher profit margins for its services as it would not be required to incur recurring charter fees. Further, as charter of marine vessels from third-parties has a minimum value, the Group will not have to bear the risk of incurring charter fees without generating revenue, in the event that the secure charter vessel contracts are terminated.

Kindly refer to **Section 5.3** above for further information on the marine vessels of the Group.

(iv) In-house shipbuilding and ship repair

The Group's in-house shipbuilding capabilities enables the Group to customise its marine vessels to cater specifically to its customers' requirements and charter vessel contracts secured. As the shipbuilding and ship repair activities are undertaken in-house, the Group is able to reduce its cost to acquire and repair its vessels as compared to acquiring a ready-made vessel and hiring a vendor for the repair works. Further, the Group is able to closely monitor the timeline and costing. This enables the Group to ensure that there is a lower rate of delay for completion of the vessels and repairs, as well as lower cost overrun. In addition, as there are in-house engineers, the Group is able to carry out maintenance works on its vessels more regularly which increases the lifespan of the vessels and reduce the downtime of the vessels due to inability to operate.

(v) PETRONAS approved licenses

In Malaysia, it is mandatory to obtain specific licenses or registrations from PETRONAS in order to participate in the O&G industry in Malaysia. These licenses or SWECs must be applied for in accordance with the respective services and products, and also maintained valid to provide services during the designated period. The stringent requirements imposed a high barrier of entry for new entrants and mitigates the competitive intensity in the O&G industry in Malaysia.

As at the LPD, the Group holds 2 PETRONAS licenses to provide services in the O&G industry in Malaysia. They encompass various areas which include, amongst others, operations of floating offshore facilities, fast crew boats, safety standby vessels, tug vessels, petroleum products and LPG tankers.

5.3.2 Key management team

The following are the key management team of the EATECH Group:-

(i) Encik Nasrul (*Chief Executive Officer*)

Encik Nasrul, aged 53, a Malaysian, was appointed as the Chief Executive Officer of EATECH on 21 March 2022. He graduated with a BSc. (Hons) in Accounting & Finance from the University of Wales, Cardiff, United Kingdom in 1996. He also obtained a Certified Credit Professional, Institut Bank-Bank Malaysia in 2004.

Encik Nasrul commenced his career in 1996 as a Corporate Loan Officer with Kewangan Industri Berhad where he was involved in processing loans for real estate and manufacturing industries. In 1999, he joined Bank Industri (M) Berhad as a Senior Executive where he was involved in supervising and monitoring maritime loans. He had undertaken various roles within the bank including as an Assistant Manager – Group Special Assets Division (2001 – 2004) and as Manager – Rehabilitation Department & Acting Head of Department (2005 -2006) where he was involved in rehabilitating troubled maritime, infrastructure and high technology loans. From 2007 to 2009, Encik Nasrul joined OCBC Bank Malaysia as the Head, Shipping Department where he was tasked to set up the overall structure of the shipping desks for the bank and thereafter, marketing, loan processing and disbursements as well as loan monitoring. He moved to RHB Bank Berhad in 2009 as the Shipping Specialist / Relationship Manager (2009 – 2018) and subsequently as the Senior Vice President of Corporate and Investment of RHB Bank Berhad (2018 – 2022) where he was involved in rehabilitating troubled maritime loans and grow the bank's loan portfolio.

As at LPD, Encik Nasrul is not a director and/or major shareholder of any company listed on Bursa Malaysia.

Encik Nasrul is also one of the Subscribers to the Proposed Shares Issuance. As at LPD, Encik Nasrul does not hold any EATECH Shares. For information, Encik Nasrul is not connected to any of the other Subscribers.

As at LPD, Encik Nasrul and/or persons connected to him are not otherwise connected to EATECH.

As at LPD, Encik Nasrul is not a PAC to VSB and/or Datuk Wira Mubarak pursuant to subsection 216(2) and 216(3) of the CMSA.

(ii) Puan Mariam (Chief Financial Officer)

Puan Mariam, aged 58, a Malaysian, was appointed as the Chief Financial Officer of EATECH on 1 January 2022. She is a Fellow of the Association of Chartered Certified Accountants and member of the Malaysian Institute of Accountants.

Puan Mariam commenced her career in 1989 as a trainee accountant with Bashir Bhatti Accounting Services, Birmingham United Kingdom where she was involved in preparation of annual audited accounts and tax submissions. In 1990, she joined Sime Engineering Sdn Bhd and served in various capacity such as a Management Trainee (1990 – 1991), Account Executive (1991 – 1992) and as an Accountant from 1992 up until 1995 where she was responsible for the preparation of the company's accounts, budgeting, treasury and tax functions.

From 1995 – 2008, Puan Mariam joined Alam Flora Sdn Bhd and had undertaken various roles including as a Finance & Administration Manager (1995 – 1998), Head of Finance, Selangor Region (1998 – 2003), Manager – Special Project Corporate Office (2003 – 2005), Manager – Financial Services (2005 – 2007), and as Senior Manager (2007 – 2008) where she was responsible for the preparation of the company's accounts, budgeting, treasury and tax functions.

Puan Mariam then joined DRB-HICOM Auto Services Sdn Bhd in April 2008 to October 2008 where she was involved in establishing a financial reporting process for the company and held roles as the Chief Financial Officer before returning to Alam Flora Sdn Bhd in November 2008 to December 2009 as its Chief Financial Officer where she oversaw the overall accounting function of the company.

In 2010 Puan Mariam joined DRB-HICOM Berhad where she was then immediately seconded from DRB-HICOM Berhad to Glenmarie Properties Sdn Bhd in January 2010 to December 2011 before taking the role of Chief Financial Officer in Glenmarie Asset Sdn Bhd from January 2012 to September 2014 where she was tasked with managing the overall accounting function of the group and was also involved in strategy formulation and risk management. Puan Mariam then took the role of General Manager – Group Financial Services at DRB-HICOM Berhad from 2014 to 2018 where she was involved in the restructuring of the group. She then joined Prasarana Malaysia Berhad from 2018 – 2021 as the Deputy Chief Financial Officer where she was involved in the restructuring of the company's finance division and business turnaround strategy.

As at LPD, Puan Mariam is not a director and/or major shareholder of any company listed on Bursa Malaysia. For information, Puan Mariam is not connected to any of the Subscribers.

As at LPD, Puan Mariam is not a PAC to VSB and/or Datuk Wira Mubarak pursuant to subsection 216(2) and 216(3) of the CMSA.

(iii) Mr New (*General Manager of Johor Shipyard and Engineering Sdn Bhd*)

Mr New, aged 53, a Malaysian, was appointed as the General Manager of EATECH on 1 June 2017. He graduated with a Bachelor of Engineering in Marine Technology Malaysia in 1994. Mr New is also a member of the Board of Engineers of Malaysia, a member of The Institute Engineers, Malaysia and a member of the Institute of Management, Malaysia.

Mr New commenced his career as a Senior Services Engineer (Project) in 1994 with Syarikat Ong Yoke Lin Sdn Bhd where he was responsible for managing and supervising projects for mechanical and electrical installations. He stayed in the company until 2000. From 2000 to 2014, Mr New joined various companies as a property manager where he was involved in property management including leasing of retail lots and mechanical and electrical service repair. From 2000 – 2003, he joined Metrojaya Berhad as a property manager before moving to Sumber Samudra Sdn Bhd from 2003 to 2008 as Project Manager where he was involved in the ship repair for government and commercial vessels and thereafter, Johor Shipyard and Engineering Sdn Bhd from 2008 – 2014. During his time with Johor Shipyard and Engineering Sdn Bhd, he took on the role of Project Manager from 2008 – 2014 and subsequently, the role of General Manager from 2014 – 2017 before being appointed as the Executive Director in 2017 where his main roles and responsibilities are to oversee the entire fleets management and operation including procurement and engagement with major clients. In 2022, he was seconded to EATECH from Johor Shipyard and Engineering Sdn Bhd as General Manager. In 2024, in addition to overseeing the Group's entire fleet management and operation, he resumed his role as the General Manager of Johor Shipyard and Engineering Sdn Bhd.

As at LPD, Mr New is not a director and/or major shareholder of any company listed on Bursa Malaysia. For information, Mr New is not connected to any of the Subscribers.

As at LPD, Mr New is not a PAC to VSB and/or Datuk Wira Mubarak pursuant to subsection 216(2) and 216(3) of the CMSA.

5.4 Future plans and strategies

In an effort to further improve the Group's revenue and profitability, the Group plans to expand the business through the following strategies:

(i) Increasing orderbook by securing additional charter vessel contracts

As at the LPD, the Group's orderbook for the firm period amounts to approximately RM146.6 million with extension options of an additional RM281.3 million. The firm period of the contracts ranging from 1 year to 4 years are expected to contribute towards the Group's revenue and the extension period will last up to an additional 4 years. Further, the Group will undertake spot charter contracts which are generally short term in nature. However, the Group intends to secure additional charter vessel contracts to obtain a steady stream of income.

As at LPD, the Group has one (1) unutilised vessel, namely Amal II and with one (1) vessel which has been laid-up, namely Nautica Tembikai. As at LPD, the management has yet to secure any contracts for Amal II and will continue to evaluate the utilisation of the vessel from time to time. In the event that the Group secures additional charter contracts which exceeds its operating capacity, it will either purchase additional vessels or charter from external third-parties. Meanwhile, since the completion of its last contract on 22 August 2023, Nautica Tembikai has been inactive and has been laid-up. As such, the Group seeks to dispose of Nautica Tembikai to avoid bearing associated maintenance and laid-up cost of the vessel. Nevertheless, the Group will continue its effort to seek for new FSO services contract, which can be undertaken with prospective partners via joint-venture arrangement and/or charter vessels from third party if the need arises. The Group will assess its capacity and financial situation at the particular moment in time before determining the best option.

The Group is currently exploring and negotiating possible opportunities with its clients, which include negotiations for renewal and extension of existing contracts and continuous procurement of new contracts. The Group secured 4 new contracts in 2023 for provision of port marine services at Sg Udang Port. The contracts include:-

- (i) provision of harbour tug operation (Nautica Tg. Puteri XV);
- (ii) provision of utility tug operation (Nautica Tg. Puteri XVI);
- (iii) time charter of two (2) 40 tonne bollard pull harbour tugs (Nautica Tg. Puteri XI and Nautica Tg. Puteri XII); and
- (iv) bareboat charter hire fast crew boat (Nautica Tg Puteri XXX).

One of the contracts, namely the bareboat charter hire fast crew boat (Nautica Tg. Puteri XXX), was subsequently terminated by the Group on 3 May 2024. Currently, Nautica Tg. Puteri XXX has been re-deployed to service the contract in exchange for Nautica Gambir. Nautica Gambir has been earmarked to service a new contract secured on 25 April 2024.

In addition to the above, the Group had on 17 January 2024, received an amendment to its scope of work in relation to Nautica Tg. Puteri XXXVII that is serving PETRONAS Floating LNG 1, where its scope of work was amended from provision of Emergency Standby Vessel Services to Dedicated Supply Vessel Services that included a revised new rate.

The Group is constantly monitoring its existing contracts to prepare for submissions to renew or extend existing contracts. The process begins approximately 2 to 3 months prior to the expiry of the contract, whereby the Group will begin to conduct market research and study to source for potential new contracts, or negotiate for the extensions with its clients.

Further details of the contracts secured are available in **Appendix I(C)** of this Circular.

- (ii) Acquisition and construction of additional vessels to increase operating capacity as well as implementation of fleet renewal program

As part of the Group's future plans, it intends to expand its fleet of marine vessels to increase its operating capacity to further service the O&G industry. As at LPD, the Group has 27 marine vessels. Taking into consideration that the Group intends to secure additional charter vessel contracts, the Group will require additional vessels. Nonetheless, as at LPD, the Group has not decided on when to acquire additional vessels as the Group has the option to charter vessels from external third-parties notwithstanding the profit margins generated will be lower as compared to owning the vessels as the Group will be required to incur charter fees. The Group will take into consideration the availability of contracts as well as the age and condition of its existing fleet of vessels before committing to an acquisition of a vessel. The acquisition of additional vessels will be funded either via bank borrowings, equity fund raising, or internally generated funds. The actual source of funding for the acquisitions will be determined at the particular moment in time, after taking into consideration of the Group's financial requirement and stability.

Further, the Group intends to implement a fleet renewal program for its tugboats, whereby tugboats which have reached 15 years will be replaced and disposed. This will enable the Group to have a fleet of vessels which are newer and are able to operate more efficiently. While the tugboats are awaiting disposal, it will be used for the spot charters which contracts are short term in nature to maximise its utilisation.

As at the LPD, the Group has 1 tugboat which is above 15 years, namely Nautica Tg. Puteri I, and 6 vessels that will be 15 years within the next 3 to 4 years. The table below details the Group's vessels that are above 10 years old:

No.	Vessel	Date Build	Age in Year 2023
1.	Nautica Tg. Puteri I	23 July 2005	18
2.	Nautica Tg. Puteri XI	12 May 2012	11
3.	Nautica Tg. Puteri XII	17 June 2012	11
4.	Nautica Tg. Puteri XVI	10 January 2013	10
5.	Nautica Tg. Puteri XVII	13 April 2013	10
6.	Nautica Tg. Puteri XIX	19 December 2013	10
7.	Nautica Tg. Puteri XX	27 December 2013	10

The Group has devised the fleet renewal programme to commence in Q4 of 2024 and will be undertaken by Johor Shipyard and Engineering Sdn Bhd. The table below details the proposed fleet renewal plan and timeline:

Year	2025	2026	2027	2028
Number of proposed fleet to be built (unit)	2 to replace: • Nautica Tg. Puteri I; • Nautica Tg. Puteri XI	2 to replace: • Nautica Tg. Puteri XII; • Nautica Tg. Puteri XVI	2 to replace: • Nautica Tg. Puteri XVII; • Nautica Tg. Puteri XIX	1 to replace: • Nautica Tg. Puteri XX and; 1 as pool vessel ⁽¹⁾ .
Target commencement	• Planning: Q4 of 2024 • Construction: Q2 of 2025	• Planning: Q4 of 2025 • Construction: Q2 of 2026	• Planning: Q4 of 2026 • Construction: Q2 2027	• Planning: Q4 of 2027 • Construction: Q2 of 2028
Target completion	Q3 of 2026	Q3 of 2027	Q3 of 2028	Q3 of 2029
Estimated budget	RM19.0 million per vessel	RM19.0 million per vessel	RM19.0 million per vessel	RM19.0 million per vessel

Note:

(1) The fleet renewal program includes building an additional vessel to serve as a pool fleet that can be utilised as substitute vessel in the event any of the existing vessel is required to undergo scheduled dry docking process.

The Group envisages the above fleet renewal programme will be funded via the combination of internally generated funds, equity fund raising and/or bank borrowings. It should however be noted that the Company will evaluate the necessity and timing of replacing of vessels after taking into consideration, amongst others, the prevailing business environment, the ability of the proposed outgoing vessels to continue to service contracts and cash flow requirements of the Group prior to undertaking any construction of vessels or acquisition of vessels. At this juncture, the Group is unable to determine the proportion of the funding between internally generated funds and bank borrowings as it will be dependent on the availability of funding via bank borrowings and cash flow requirements of the Group.

(iii) Expansion of shipyard facilities with new slipway

The Group's existing shipyard at Hutan Melintang, Perak has a water frontage of approximately 350 meters in length with quayside water depth of approximately 3 meters at low tide and up to 6 meters at high tide, with a 130 meter long launching bay, and capable of launching up to 6 units of tugboats, each with lengths of up to 35 meters. As part of the Group's future plans on expanding its shipbuilding activities, the Group intends to construct a slipway with the capacity to handle up to 10,000 tonnes weightage capacity for vessel construction and repairs. The slipway will enable the vessels constructed in the shipyard to be moved to the sea and vessels in the sea to be moved to the shipyard for repairs. Notwithstanding that the slipway will be capable of withholding up to 10,000 tonnes weightage vessels, the Group intends to focus its construction and repair efforts on tugboats and smaller vessels of less than 2,000 tonnes weightage as there are more tugboats and smaller vessels, which will enable the Group to complete the works in a shorter period of time which will enable the Group to undertake more construction and repair works.

The total cost of constructing the slipway is estimated at approximately RM8.40 million which will be funded via bank borrowings. For information, the slipway shall be built on a leasehold land owned by a third party with remaining leasehold tenure of 84 years expiring on 4 February 2109. Subject to the availability of funding from bank borrowings and consent of the landowner, the Group intends to undertake the construction of the slipway in the 2nd half of 2025 after completion of its Proposed Regularisation Plan.

6. RISK FACTORS

The Proposed Regularisation Plan is not expected to result in the Group being exposed to additional risks as the EATECH Group continues to operate in the same industry, i.e. the oil and gas industry. Nonetheless, the Proposed Regularisation Plan may be affected by other risks, such as:-

6.1 Risks Relating to the Group's Business and Operations

6.1.1 Compliance with the licenses, registration, certificate requirement and Government regulations

The O&G industry is highly regulated as it is inherent to risks which includes, amongst others, oil spills, fire explosion, discharge of pollutants, equipment defects or failures, personal injury or loss of life, and damages to assets. As such, the Group is required to adhere to the rules and regulations imposed, as well as possess the relevant licenses, registrations and certificated for transportation of O&G at sea. Moreover, the Group required to comply with the rules and regulations imposed by the Government and international conventions issued by the International Maritime Organization.

In the event that the Group is unable to comply with or obtain the necessary licenses, registration or certificate, or that the license is revoked, suspended, or not renewed, the Group may not be able to operate and carry out its operations such as transportation works and storage operations. It may also hamper the Group's effort to bid for new contracts. This in turn will adversely affect the financial performance of the Group.

Kindly refer to **Section 14 of Appendix I(C)** of this Circular for further details on the licenses, registration and certificates obtained by the Group.

6.1.2 Operational and contractual risks

The Group's charter contracts are for a fixed period with optional extension periods. The charter contracts are structured to achieve an acceptable return on investment, after taking into consideration of the cost associated with executing the contracts. Nonetheless, in the event of any unforeseen operational problems, such as, amongst others, penalty payments, human errors, unfavourable weather conditions and unexpectedly high operating costs the charter contracts may not be able to generate the expected return on investment.

In addition, operational risk extends to include vessel damaged during operations and absence of timely replacement vessels to cover for unexpected vessel downtime. In the event of the above, any prolonged absence of replacement vessel will result in material adverse impact to our operations and financial performance.

Further, the Group is subject to contractual risk which includes, amongst others, ability to maintain satisfactory conditions of the charter vessels and ability to adhere to the delivery performance requirements stipulated in the respective charter contract. In the event that the Group is unable to satisfy its obligations as stipulated in the respective charter contract due to reasons that are beyond their control which include amongst others, damages sustained to the vessel during operations, unplanned downtime due to break down, failure to obtain substitute vessel in a timely manner, may result in potential penalties or liquidated damages which in turn may adversely affect the financial performance of the Group.

6.1.3 Ability to secure new O&G charter contracts

The financial performance of the Group is largely dependent on its ability to secure new O&G charter contracts to increase and replenish its order book. As the O&G charter contracts are awarded on a project-to-project basis, this poses a risk that the Group may be unable to continuously secure new contracts.

As at the LPD, EATECH's orderbook of the firm period amounts to approximately RM146.6 million with extension options of additional RM281.3 million with the firm period of the contracts are expected to contribute to the Group's revenue ranging between 1 year to 4 years whilst extensions of such contract periods will last up to an additional 4 years.

Nonetheless, with the expansion, EATECH expects to bid for new contracts and replenish its order book. Notwithstanding the above, there can be no assurance that EATECH will be able to successfully secure the contracts which it bids for.

Further, in line with industry practice, the existing O&G charter contracts of the Group are for varying periods of time, which contains clauses which could, amongst others, give the customers the right for early termination. Hence, there can be no assurance that EATECH's financial performance will not be adversely affected in the event that any of the existing O&G charter contracts are cancelled or varied, and if EATECH is unable to secure new O&G charter contracts to replenish its order book.

Kindly refer to **Appendix I(C)** of this Circular for further details on the existing order book of the Group.

6.1.4 Significant capital investment required

The Group's O&G transportation business requires significant capital investment due to the high cost associated with acquiring and construction of vessels. Currently, the Group has 27 vessels, of which the usage capacity is approximately 92%. As the Group intends to secure additional charter contracts, the Group would require to acquire additional vessels for execution of any additional charter contracts. The acquisition of additional vessels will be funded via the proceeds raised from internally generated funds, bank borrowings, or future equity fund raising. The Group will assess its financial condition at the point in time to determine the most suitable source of funding.

In the event that the Group secures additional contracts but is unable to secure funding to acquire additional vessels when necessary, the Group may suffer reputational damage, reduced profitability, or potential penalties. Nonetheless, the Group will closely monitor the usage capacity of its vessels and financial condition prior to submission of bid for additional charter contracts. In addition, the acquisition of additional vessels will only happen once the Group manages to secure more charter contracts.

6.2 Risks Relating to the Industry the Group Operates In

6.2.1 Dependency on the O&G industry, as well as supply and demand of oil which affects the demand for the Group's services

The Group is principally involved in the transportation and storage of O&G, as well as charter of marine support vessels for transportation of personnel and cargoes between shore and off-shore oil refineries. For the financial years from 2019 to 2023 under review, the Group's revenue from the O&G industry accounted for approximately 93.0% to 94.0% of the Group's revenue. Hence, the Group is dependent on the level of activity in the O&G industry as well as supply and demand of oil.

The level of activity in the O&G industry affects the global supply of oil. The global supply and demand of oil will in turn affect, amongst others, the current and future price of crude oil prices, the number, size and location of oil fields discovered, as well as the capital expenditure by the Group's customers in the O&G industry. Consequently, the demand for the Group's services may fluctuate in tandem with these factors.

In the event that there is a slowdown in the O&G industry, decrease in crude oil price, decrease in demand or increase in supply of oil, the demand for the Group's services may decrease and the Group's financial performance may be adversely affected. Notwithstanding that the abovementioned factors are beyond the control of the Group, the Group will continue to monitor and manage our costs to ensure that the revenue generated is sufficient to cover operational costs.

6.2.2 Political, economic and regulatory factors

The prospects of the Group are largely dependent on the developments in the political, economic and regulatory conditions in Malaysia. Any adverse development in political, economic and regulatory conditions in Malaysia could unfavourably affect the financial position and business prospects of the Group. These risks include, amongst others, changes in political leadership, risk of war, riots and commotions, changes in economic conditions, changes in interest rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, duties and tariffs.

Further, the Government has made it mandatory to obtain the necessary licenses from PETRONAS to participate in the O&G industry in Malaysia. Hence, any adverse changes in regulatory factors which may affect PETRONAS, may in turn affect the Group's ability to renew or apply for the necessary licenses. Inability to renew or apply for the necessary licenses will adversely affect the financial condition of the Group.

Although the Company will undertake a prudent approach in managing such risks internally, there can be no assurance that any adverse economic, political and regulatory changes will materially affect the Group's business prospects as these risks are beyond the control of the Company.

6.2.3 COVID-19 pandemic risk

The Malaysian economy has been affected by the COVID-19 pandemic and guidelines imposed by the Government to contain the spread of the pandemic. As the O&G industry was considered an essential service, the Group was allowed to continue its business operations in accordance with the standard operating procedures set out by the Government.

Nonetheless, as the O&G industry declined due to the COVID-19 pandemic which caused the Group to experience lower margins, non-renewal of charter contracts, and reduction in charter contracts to bid from. Further, the COVID-19 pandemic which caused disruptions in the global supply chain had caused crude oil price to fall below zero United States Dollar a barrel in April 2020 as a result of low oil demand and sellers intending to avoid storage costs.

Notwithstanding the above, the Group will closely monitor the development of the COVID-19 pandemic in order to mitigate the negative impact and maximise the revenue from the secured orderbook.

6.3 Risk relating to the Proposed Regularisation Plan

6.3.1 Delays in the implementation or non-completion of the Proposed Regularisation Plan

The regularisation of the Company is to a large extent, dependent on the timely implementation of the Proposed Regularisation Plan. The Proposed Regularisation Plan is also subject to, amongst others, the approval of Bursa Securities and EATECH's shareholders at an extraordinary general meeting. Any delays or non-completion in the implementation of any component of the Proposed Regularisation Plan may adversely affect or terminate the implementation process of the entire Proposed Regularisation Plan. The non-completion of the Proposed Regularisation Plan will also affect the ability of EATECH to settle the amounts due to scheme creditors under the SOA and Sindora.

In such an event, Bursa Securities may suspend the trading of EATECH shares or de-list EATECH. Scheme creditors may also recommence their efforts to recover the debts owed by EATECH through litigation.

Nonetheless, the Company will undertake the necessary steps to ensure successful and timely implementation of the Proposed Regularisation Plan.

7. EFFECTS OF THE PROPOSED REGULARISATION PLAN

7.1 Issued share capital

The Proposed Exemption will not have any effect on the issued share capital of EATECH.

The proforma effects of the Proposed Shares Issuance and Proposed ESS on the issued share capital of EATECH are as follows:-

	No. of shares (‘000)	RM’000
As at LPD	530,500	179,755
Issuance of EATECH Shares pursuant to Proposed Shares Issuance	795,750	(i) 79,575
	1,326,250	259,330
Issuance of EATECH Shares pursuant to the Proposed ESS	(ii) 132,625	(iii) 44,429
Enlarged issued share capital	1,458,875	303,759

Notes:-

- (i) Computed based on the issuance of 795,750,000 new EATECH Shares at the Subscription Price of RM0.10 each.
- (ii) Assuming all 10% of the issued share capital of EATECH after Proposed Shares Issuance are granted, vested and issued at an issue price of RM0.3350, being a discount of 9.46% to the 5-day VWAP of EATECH Shares up to and including the LPD of RM0.3700, via new EATECH Shares pursuant to the Proposed ESS.

7.2 Earnings and EPS

Barring any unforeseen circumstances, the settlement of the debts owed to scheme creditors under the SOA and to Sindora with the proceeds raised from the Asset Disposal Program and the Proposed Shares Issuance will allow the Group to recognise a one-off net income from the waiver of debt of approximately RM127.4 million. Following the completion of the SOA and the Asset Disposal Program, the Group should be in a better position to operate without its legacy debt and cashflow issues to impede on its business.

Save for the above, the Proposed Regularisation Plan is not expected to have any material impact on the EATECH Group's earnings for the financial year ending 31 December 2024. For information the Proposed Regularisation Plan is expected to be completed in the 2nd quarter of 2024.

The Proposed Exemption will not have any impact on the earnings and EPS of the EATECH Group.

The Proposed Shares Issuance will result in a dilution of EATECH's consolidated EPS as a result of the increase in the number of EATECH Shares in issue upon completion of the Proposed Shares Issuance.

The Proposed ESS is not expected to have an immediate effect on the earnings and EPS of the Group until such time when the Awards are granted and exercised/vested. Any potential effects on the earnings and EPS of the Group will depend on the number of ESS Options and/or Share Grants granted and/or vested, the exercise price and the non-cash expenses arising from the granting of the Awards under the accounting standards Malaysian Financial Reporting Standards 2, on "Share-Based Payment" ("**MFRS 2**") issued by the Malaysian Accounting Standards Board.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting or vesting of the Awards based on, amongst others, the share price volatility, risk-free interest rate, share price/fair value of the share and/or pricing model.

The fair value of the ESS Options and/or Shares Grants granted under the Proposed ESS will be recognised as an expense in the profit or loss account of the Group over the vesting period of the Share Options or Share Awards. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board has taken note of the potential effect of the Proposed ESS on the Group's earnings and will take this into consideration in the allocation and granting of the Awards to the Selected Persons.

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7.3

NA, NA per Share and gearing

The Proposed Exemption will not have any effect on the NA, NA per Share and gearing of the EATECH Group.

The Proposed ESS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the Awards are granted and vested. Any potential effect on the NA, NA per Share and gearing of the Company will depend on the mode of settlement of the ESS Options and Shares Grant, which will only be determined at the time of exercise of ESS Options and/or vesting of Shares Grant.

Any allotment and issuance of new EATECH Shares and/or transfer of treasury Shares pursuant to the Proposed ESS may have a dilutive effect on the NA per Share of the Company due to the resultant increase in the number of issued Shares (excluding treasury Shares). Upon exercise of the ESS Options, the NA per Share is expected to increase if the Exercise Price is higher than the NA per Share at such point of exercise. The NA is expected to decrease if the Exercise Price is lower than the NA per Share at such point of exercise.

For illustration purposes, based on the audited consolidated statements of financial position of EATECH as at 31 December 2023 and assuming that the Proposed Regularisation Plan was completed on 31 December 2023, the proforma effects of the Proposed Regularisation Plan on the consolidated NA per Share and the gearing of EATECH are as follows:-

	Audited As at 31 December 2023	(II) After Proposed Shares Issuance	(III) After (II) and completion of SOA
Share capital	RM'000 179,755	RM'000 (i) 259,330	RM'000 259,330
(Accumulated losses)/ Retained Earnings	(122,302)	(ii) (125,202)	(iii) 2,238
Total equity	57,453	134,128	261,568
No. of Shares in issue ('000)	530,500	(i) 1,326,250	1,326,250
NA per Share (RM)	0.11	0.10	0.20
Total borrowings (including lease liabilities)	127,758	127,758	127,758
Gearing (times)	2.22	0.95	0.49

Notes:-

- (i) After the issuance of 795,750,000 new EATECH Shares at the Subscription Price of RM0.10 each.
- (ii) After deducting estimated expenses of RM2.9 million for the Proposed Regularisation Plan.
- (iii) After accounting for the estimated one-off net income of RM127.4 million from the waiver of debts by scheme creditors pursuant to the SOA.

As at LPD, the Group has 16 ongoing contracts with total remaining contract value for the firm period of approximately RM146.6 million, of which approximately RM66.3 million is expected to be billed in the FYE 31 December 2024 and the remaining balance of RM80.3 million is expected to be billed FYE 31 December 2025 and onwards.

In the event that the Group is able to secure the full amount for the extension periods of all the contracts, the Group will record an additional revenue of approximately RM281.3 million, of which approximately RM5.4 million is expected to be billed in the FYE 31 December 2024 and the remaining balance of RM275.9 million is expected to be billed in the FYE 31 December 2025 and onwards.

With the positive cashflows to be generated from the abovementioned existing contracts as well as the diverse strength and expertise of EATECH's key management set out in **Section 5.3.2** of Part A of this Circular, the Group should have the necessary resources and capabilities to achieve its business plan and expected level of operations.

In view of the above, the Board believes that the Group can turnaround the accumulated losses of RM122.30 million upon completion of the SOA in the FYE 31 December 2024.

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7.4 Substantial shareholders' shareholdings

The Proposed Exemption will not have any effect on the Company's substantial shareholders' shareholding.

The Proposed ESS is not expected to have any immediate effect on the substantial shareholders' shareholdings in the Company until and unless new EATECH Shares are issued pursuant to the vesting of the Shares Grants and/or exercise of the ESS Options under the Proposed ESS. Any potential effect on the Company's substantial shareholders' shareholdings in the Company would depend on the number of new EATECH Shares issued at the relevant point in time.

For illustration purposes, assuming EATECH grants the entire 10% of the Awards and are settled via the issuance of new EATECH Shares and assuming no Awards are granted to persons connected to substantial shareholders of EATECH, the proforma effects of the Proposed Regularisation Plan on the shareholdings of the substantial shareholders of EATECH based on the Register of Substantial Shareholders as at LPD are as follows:-

	As at LPD			After Proposed Shares Issuance			After Proposed ESS			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sindora	265,500,000	50.05	-	-	265,500,000	20.02	-	265,500,000	18.20	-
Kulim Berhad	12,884,300	2.43	⁽ⁱ⁾ 265,500,000	50.05	12,884,300	0.97	265,500,000	20.02	12,884,300	0.88
Johor Corporation	-	-	⁽ⁱⁱ⁾ 278,384,300	52.48	-	-	278,384,300	20.99	-	-
VSB	-	-	-	-	⁽ⁱⁱ⁾ 676,387,500	51.00	-	-	⁽ⁱⁱⁱ⁾ 676,387,500	46.36
Datuk Wira Mubarak	-	-	-	-	-	-	⁽ⁱⁱⁱ⁾ 676,387,500	51.00	-	-
Dato' Lai	-	-	-	-	-	-	⁽ⁱⁱⁱ⁾ 676,387,500	51.00	-	-

Notes:-

- (i) Deemed interest by virtue of its shareholding in Sindora pursuant to section 8 of the Act.
- (ii) Deemed interest by virtue of its shareholding in Kulim Berhad pursuant to section 8 of the Act.
- (iii) Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via his shareholdings of 70% in VSB, whilst Dato' Lai will emerge as an indirect shareholder of EATECH via his shareholdings of 30% in VSB.

7.5 Convertible securities

As at LPD, EATECH does not have any convertible securities in issue.

7.6 Shareholding spread

The Proposed Exemption will not have any effect on the public shareholding spread of EATECH.

The public shareholding spread of EATECH based on the Record of Depositors maintained by Bursa Depository as at LPD is approximately 47.40% held by 3,390 public shareholders, with at least 1,000 shareholders holding not less than 100 shares.

Particulars	As at LPD			After Proposed Shares Issuance		
	No. of Shares	No. of shareholders	%	No. of Shares	No. of shareholders	%
Share capital	530,500,000	3,390	100.00	1,326,250,000	3,394	100.00
<u>Less:</u>						
Directors of the EATECH Group	655,000	2	0.12	655,000	2	0.05
Substantial shareholders of EATECH	265,500,000	1	50.05	941,887,500	2	71.02
Associates of directors or substantial shareholders of EATECH	12,884,300	1	2.43	12,884,300	1	0.97
Shareholders holding less than 100 shares	694	99	(i)-	694	99	(i)-
Public shareholdings	251,460,006	3,287	47.40	370,822,506	3,290	27.96

Note:-

- (i) Less than 0.01%

As illustrated above, the Proposed Shares Issuance will result in EATECH's public shareholding spread to decline from 47.40% to 27.96%.

Premised on the above, the Proposed Regularisation Plan is not expected to result in the Company breaching the public shareholding spread requirement under paragraph 8.02(1) of the Listing Requirements.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of EATECH Shares as traded on the Main Market of Bursa Securities for the past 12 months from May 2023 to April 2024 are as follows:-

	<u>High</u> (RM)	<u>Low</u> (RM)
<u>2023</u>		
May	0.205	0.155
June	0.215	0.155
July	0.200	0.140
August	0.280	0.140
September	0.285	0.220
October	0.355	0.250
November	0.395	0.280
December	0.345	0.245
<u>2024</u>		
January	0.345	0.230
February	0.280	0.235
March	0.345	0.250
April	0.365	0.315

The last transacted market price of EATECH Shares on 6 November 2023 (being the last trading day prior to the date of announcement of the Proposed Regularisation Plan) 0.340

The last transacted market price of EATECH Shares as at LPD 0.320

(Source: Bloomberg)

9. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Regularisation Plan is subject to the following approvals being obtained:-

- (i) Bursa Securities on the following:-
 - (a) the Proposed Regularisation Plan;
 - (b) listing and quotation of the Subscription Shares; and
 - (c) listing and quotation of up to 10% of the total number of issued Shares, to be issued and allotted under the Proposed ESS.

The approval by Bursa Securities for the above was obtained vide its letter dated 30 May 2024, subject to the following conditions:

<u>No.</u>	<u>Conditions</u>	<u>Status of Compliance</u>
(1)	EATECH and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan;	To be complied

<u>No.</u>	<u>Conditions</u>	<u>Status of Compliance</u>
(2)	EATECH and Malacca Securities to confirm all approvals of relevant authorities have been obtained for the implementation of the Proposed Regularisation Plan and furnish a copy of all approval letters from the relevant authorities;	To be complied
(3)	EATECH and Malacca Securities to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the general meeting for the Proposed Regularisation Plan;	To be complied
(4)	EATECH and Malacca Securities to ensure compliance with Paragraph 8.02 of the Listing Requirements prior to the quotation for the Subscription Shares to be issued pursuant to the Proposed Regularisation Plan and furnish Bursa Securities with a copy of the public shareholding spread pursuant to Appendix 8E of the Listing Requirements upon completion of the Proposed Regularisation Plan; and	To be complied
(5)	EATECH and Malacca Securities to inform Bursa Securities upon the completion of the Proposed Regularisation Plan and furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval.	To be complied

(ii) the approval of the SC for the Proposed Exemption; and

(iii) Shareholders of EATECH at an EGM to be convened for the Proposed Regularisation Plan.

The proposals forming the Proposed Regularisation Plan are inter-conditional upon each other.

The Proposed Regularisation Plan is not conditional upon any other corporate proposals to be implemented by the Company.

9.1 Pre-emptive rights

Pursuant to section 85 of the Act read together with Article 8.6 of the Constitution of the Company, the Shareholders have a statutory pre-emptive right to be offered any new EATECH Shares which rank equally to the existing EATECH Shares ("**Statutory Pre-Emptive Right**").

Should shareholders' vote in favour of the resolutions in relation to the Proposed Regularisation Plan at the forthcoming EGM shall mean that the shareholders will be waiving their Statutory Pre-Emptive Right. Accordingly, the resolutions in respect of the Proposed Regularisation Plan, if passed, will exclude the shareholders' statutory pre-emptive right to be offered new EATECH Shares to be issued by the Company pursuant to the Proposed Regularisation Plan (i.e. the Subscription Shares and Shares to be issued pursuant to the Proposed ESS, if any).

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or major shareholder of EATECH and/or Chief Executive and/or persons connected to them have any interest in the proposals comprised within the Proposed Regularisation Plan.

Proposed Shares Issuance

The following major shareholders are interested in the Proposed Shares Issuance by virtue that a portion of the proceeds to be raised from the Proposed Shares Issuance is intended to be repaid to Sindora.

	As at LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Sindora	265,500,000	50.05	-	-
Kulim Berhad	12,884,300	2.43	⁽ⁱ⁾ 265,500,000	50.05
Johor Corporation	-	-	⁽ⁱⁱ⁾ 278,384,300	52.48

Notes:-

- (i) Deemed interest by virtue of its shareholding in Sindora pursuant to section 8 of the Act.
- (ii) Deemed interest by virtue of its shareholding in Kulim Berhad pursuant to section 8 of the Act.

(collectively, referred to as “**Interested Major Shareholders**”).

Accordingly, the aforementioned Interested Major Shareholders will abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions forming the Proposed Regularisation Plan.

Encik Nasrul, being the Chief Executive Officer of EATECH and one of the Subscribers, is interested in the Proposed Shares Issuance by virtue of his subscription of 33,156,200 Subscription Shares representing approximately 2.5% of the total enlarged number of issued shares in EATECH.

For clarification, as at LPD, Encik Nasrul does not hold any EATECH Shares.

Encik Nasrul will abstain from voting and will undertake to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions forming the Proposed Regularisation Plan.

Proposed ESS

None of the Directors, chief executive and major shareholders are interested in the Proposed ESS. The Directors, chief executive and employee who is a major shareholder of the Company are only deemed interested in respect of their respective allocation, as well as allocations to persons connected with them, if any, under the Proposed ESS.

Any interested Directors will abstain from deliberating and voting on their respective allocations and allocations to persons connected with them under the Proposed ESS at the relevant Board meetings.

Any interested Directors and the Interested Major Shareholders will abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions pertaining to their respective allocations as well as allocations to persons connected with them, if any, under the Proposed ESS at the EGM to be convened.

Encik Nasrul, being the Chief Executive Officer of EATECH is interested in the proposed allocation of up to 13,262,500 ESS Options to him under the Proposed ESS. Accordingly, he will abstain from voting and will undertake to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolution relation to the proposed allocation to him.

As the proposals forming the Proposed Regularisation Plan are inter-conditional upon each other, the Interested Major Shareholders and Encik Nasrul will abstain from voting and will undertake to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in EATECH on the resolutions in relation to the Proposed Regularisation Plan.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposed Regularisation Plan and the SOA, EATECH does not have any outstanding proposals that have been announced but pending completion.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered the following:

- (a) the gross proceeds to be raised from the Asset Disposal Program, Proposed Shares Issuance and the pro forma cash flows position of the Group upon the completion of the Proposed Regularisation Plan;
- (b) the contracts secured up to the LPD, as set out in **Section 2 of Appendix I(C)** of this Circular; and
- (c) the future plans and strategies of the Group which is aimed to expand the business through, amongst others, securing additional charter vessel contracts, acquisition and construction of additional vessels and venture into late life assets,

is of the view that the Group will have sufficient working capital available for a period of 12 months from the date of this Circular, and that barring unforeseen circumstances, the Group will be able to record a net profit in 2 consecutive quarterly results following the completion of the Proposed Regularisation Plan.

Based on the best knowledge of the Board, barring any unforeseen circumstances and having considered all aspects of the Proposed Regularisation Plan, the Board is of the view that the Proposed Regularisation Plan:-

- (i) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused EATECH to trigger the PN17 prescribed criteria;
- (ii) enables EATECH to regularise its financial condition such that EATECH no longer triggers any of the criteria of paragraph 2.1 of PN17 as detailed in **Section 4.7** of Part A of this Circular; and
- (iii) is fair and reasonable for EATECH and its shareholders and will increase the shareholders' value after completion of the Proposed Regularisation Plan.

The Board, having considered all aspects of the Proposed Regularisation Plan, including but not limited to the rationale, financial effects and risk factors of the Proposed Regularisation Plan as well as the evaluation by the Independent Adviser on the Proposed Exemption, is of the opinion that the Proposed Regularisation Plan is in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that shareholders vote in favour of the resolutions pertaining to the Proposed Regularisation Plan to be tabled at the forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

If the Proposed Regularisation Plan is approved by Bursa Securities and the shareholders of EATECH, the Company expects to complete the implementation of the Proposed Regularisation Plan within 12 months from the date of approval of Bursa Securities.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Key 2, Level 7, St. Giles Southkey Johor Bahru Hotel, Mid Valley Southkey, 1, Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia, on Monday, 24 June 2024 at 1:00 p.m., or immediately after the conclusion of the Company's 30th Annual General Meeting scheduled to be held at the same venue on the same day at 12:00 p.m., whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Regularisation Plan. The resolutions pertaining to the Proposed Regularisation Plan is set out in our Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy the instructions contained therein, to be deposited in hard copy form at the Company's share registrar office, **Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** or alternatively, the **Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia**; or by electronic form via TIIH Online at <https://tiih.online> (applicable to individual shareholders only), not less than 48 hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online. The lodging of the Form of Proxy shall not preclude the shareholders from attending and voting in person at the EGM should the shareholders subsequently wish to do so and in such an event, your Form of Proxy shall be revoked accordingly.

15. FURTHER INFORMATION

You are advised to refer to the Appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
E.A. TECHNIQUE (M) BERHAD

Dato' Mohd Redza Shah Abdul Wahid
Independent Non-Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO SHAREHOLDERS IN RELATION TO THE
PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

*All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the **Definitions** section of **Part A** of the Circular except where the context otherwise requires or otherwise defined herein.*

This Executive Summary highlights the salient information relating to the Proposed Exemption. Non-Interested Shareholders of EATECH are advised to read this IAL thoroughly for further information and recommendation in relation to the Proposed Exemption. This IAL should also be read in conjunction with the contents set out in Part A of the Circular and its enclosed appendices.

1. INTRODUCTION

On 25 February 2022, the Company was classified as a PN17 company (pursuant to the trigger of the criteria in relation to its financial condition as prescribed under paragraph 8.04 of the Listing Requirements and paragraph 2.1(e) of PN17) and has since sought to formulate a regularisation plan which will allow it to be uplifted from the said status upon implementation. Please refer to **Section 1 of Part A** of the Circular for the chronological events in relation to the trigger of PN17 prescribed criteria by the Company, Proposed Regularisation Plan as well as the SOA with scheme creditors which took effect on 12 January 2023.

On 7 November 2023 and 1 December 2023, Malacca Securities had, on behalf of the Board, made the requisite announcements pursuant to paragraph 4.2 of PN17 which set out the Proposed Regularisation Plan of the Company, comprising the following proposals (as detailed in Part A of this Circular):

- (i) proposed shares issuance of up to 795,750,000 new ordinary shares of EATECH at the subscription price of RM0.10 each representing approximately 60% of the enlarged share capital of EATECH on completion, which will raise proceeds of up to RM79.58 million (“**Proposed Shares Issuance**”);
- (ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules for Datuk Wira Mubarak (ultimate offeror), VSB (offeror) and their PAC from the obligation to undertake a MGO for all the remaining EATECH Shares not already owned by them arising from the issuance of the Subscription Shares by EATECH to them pursuant to the Proposed Shares Issuance (“**Proposed Exemption**”); and
- (iii) proposed establishment of an employees’ shares scheme of up to 10% of the total number of issued shares in EATECH (excluding treasury shares, if any) at any point in time during the tenure of the scheme for eligible Directors and employees of the EATECH Group (excluding dormant subsidiaries, if any) (“**Proposed ESS**”).

On 10 November 2023, Malacca Securities had, on behalf of the Board, announced that the application in relation to the Proposed Regularisation Plan had been submitted to Bursa Securities for its approval. The said approval was granted by Bursa Securities vide its letter of 30 May 2024.

Pursuant to the Subscription Agreements and the Supplemental Agreements which EATECH had entered into for the Proposed Shares Issuance on 7 November 2023 and 1 December 2023 respectively, VSB intends to subscribe for 676,387,500 or 85% of the total Subscription Shares while 3 individual subscribers namely, Encik Nasrul, Mr Lim and Dato’ Sri Wong will subscribe for 119,362,500 or 15% of Subscription Shares subject to the terms and conditions of the said agreements.

The shareholdings of Datuk Wira Mubarak, VSB, their PAC (i.e. Dato' Lai), other Subscribers and the Non-Interested Shareholders after the Proposed Shares Issuance is completed are summarised in the ensuing table:

Shareholdings in EATECH	As at the LPD	After the Proposed Shares Issuance
<u>Subscribers:</u>		
VSB	-	51.0%*
Encik Nasrul	-	2.5%
Mr Lim	-	4.0%
Dato' Sri Wong	-	2.5%
	-	60.0%
Non-Interested Shareholders	100.0%	40.0%
Total	100.0%	100.0%

Note:

* *Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via his shareholdings of 70% in VSB whilst Dato' Lai will emerge as an indirect shareholder of EATECH via his shareholdings of 30% in VSB. Datuk Wira Mubarak and Dato' Lai are also the directors of VSB. For information purposes, VSB, Datuk Wira Mubarak and Dato' Lai are not connected to the other Subscribers, namely Encik Nasrul, Mr Lim and Dato' Sri Wong.*

As at the LPD, Datuk Wira Mubarak, VSB and their PAC do not hold any EATECH Shares. Upon the Subscription Agreement and the Supplemental Agreement with VSB becoming unconditional and on completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via his 70% shareholding in VSB, which in turn emerges with 51% shareholding in EATECH. For information purposes, the other Subscribers namely, Encik Nasrul, Dato' Sri Wong and Mr Lim do not hold any EATECH Shares as at LPD.

Pursuant to subsection 218(2) of the CMSA, an acquirer who has obtained control in a company shall make a take-over offer for the remaining voting shares in accordance with the provisions of the Malaysian Code on Take-Overs and Mergers 2016. In accordance with subparagraph 4.01(a) of the Rules, unless otherwise exempted by the SC, a mandatory offer shall apply to an acquirer where the acquirer has obtained control in the company (i.e. more than 33% of the voting shares or voting rights of the company) irrespective of how control has been effected, including by way of a scheme. Accordingly, on completion of the Proposed Shares Issuance, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and their PACs. However, it is not their intention to undertake the MGO pursuant to VSB's participation in the Proposed Shares Issuance. Accordingly, they intend to seek an exemption under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the MGO. The approval of the SC for the Proposed Exemption is a condition precedent in VSB's Subscription Agreement.

For the purposes of the Proposed Exemption, VSB is the offeror and Datuk Wira Mubarak is the ultimate offeror by virtue of him being the controlling shareholder of VSB whilst Dato' Lai is a PAC by virtue of his shareholdings and directorship in VSB. For information purposes, VSB, Datuk Wira Mubarak and Dato' Lai are not connected to the other Subscribers, namely Encik Nasrul, Mr Lim and Dato' Sri Wong.

The Proposed Shares Issuance, Proposed Exemption and Proposed ESS form the Proposed Regularisation Plan and are inter-conditional. Hence, in the event that the Non-Interested Shareholders or the SC do not approve the Proposed Exemption, the Proposed Shares Issuance and the Proposed ESS will not be implemented.

In compliance with paragraph 3.06 of the Rules, cfSolutions was appointed by the Board on 7 November 2023 to act as the Independent Adviser to advise the Non-Interested Shareholders of EATECH on the Proposed Exemption. Pursuant to paragraph 3.07 of the Rules, cfSolutions had on 8 November 2023 declared its independence from any conflict of interest or potential conflict of interest to the SC in relation to its role as the Independent Adviser for the Proposed Exemption.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, on 4 June 2024, given its notification that it has no further comments to the contents of this IAL. The aforementioned notification shall not be taken to suggest that the SC agrees with the recommendation of cfSolutions or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide the Non-Interested Shareholders with an evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL.

The Non-Interested Shareholders should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Exemption before making a decision on the course of action to be taken.

2. EVALUATION OF THE PROPOSED EXEMPTION

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption on a holistic basis in accordance with Schedule 2: Part III of the Rules and given due consideration to the Company's rationale for the Proposed Regularisation Plan as the proposals forming the Proposed Regularisation Plan (which include the Proposed Exemption) are inter-conditional. In this regard, we have taken into consideration the following factors in forming our opinion:

Section in this IAL	Area of evaluation	Our comments
6.1	Rationale for the Proposed Regularisation Plan	<p>Our comments on the rationale of the Proposed Regularisation Plan are summarised as follows:</p> <p>(i) Urgency for EATECH to regularise its PN17 status and complete the SOA</p> <ul style="list-style-type: none"> • EATECH has been classified as a PN17 issuer since 25 February 2022. It was required pursuant thereto, inter-alia, to submit its regularisation plan to Bursa Securities within 12 months, i.e. by 24 February 2023, but has had to apply for extensions of time on 9 February 2023 and 10 August 2023. • The Company has taken steps to address the said status which include, inter-alia, undertaking a scheme of arrangement with creditors pursuant to the SOA which became effective on 12 January 2023, involving a proposed return of RM71.1 million representing 27.4% of total estimated debts of the scheme creditors amounting to RM259.4 million, asset disposals and a fundraising exercise towards settlement of the same, with a target completion date of 11 July 2024.

Section in this IAL	Area of evaluation	Our comments
		<ul style="list-style-type: none"> • The impending deadlines for the completion of the SOA and the regularisation plan to enable the upliftment of PN17 status makes it necessary for EATECH to raise the requisite funding expeditiously.
		<p>(ii) Challenging fundraising alternatives pending the upliftment of PN17 status</p> <ul style="list-style-type: none"> • Discussions with Sindora (current major shareholder of the Company) had concluded that Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise EATECH’s financial position. • EATECH had not been successful in obtaining additional funding from financial institutions to repay the scheme creditors since being categorised under PN17.
		<p>(iii) Positive financial effects of the Proposed Regularisation Plan to uplift the Company from PN17 status</p> <ul style="list-style-type: none"> • The Proposed Regularisation Plan aims to regularise the financial condition of the EATECH Group to address the prescribed criteria under paragraph 2.1 of PN17 and uplift the PN17 status of the Company.
		<p>(iv) The Proposed Regularisation Plan will improve the financial position of the EATECH Group</p> <ul style="list-style-type: none"> • We note that the proforma net current liabilities of the Group as at 31 December 2023 will turn around from approximately RM239.03 million to net current assets of approximately RM10.29 million post-completion of the Proposed Regularisation Plan and final settlement for the SOA while the current ratio will improve from 0.27 times to 1.16 times. • Furthermore, NA will increase from RM57.45 million to RM261.57 million while NA per Share will rise from RM0.11 to RM0.20. • The gearing ratio will improve from 2.22 times to 0.49 times after the Proposed Shares Issuance and completion of SOA. • The Board believes that the said plan together with positive cashflows expected to be generated from existing contracts as well as the diverse strength and expertise of the Company’s key management will enable the Group to turn around the latest audited accumulated losses of RM122.30 million upon completion of the SOA in FYE 31 December 2024.

Section in this IAL	Area of evaluation	Our comments
6.2	Rationale for the Proposed Shares Issuance	<p data-bbox="612 338 1425 367">(v) Strategic direction from the new controlling shareholders</p> <ul data-bbox="695 398 1445 524" style="list-style-type: none"> <li data-bbox="695 398 1445 524">• Datuk Wira Mubarak and Dato’ Lai are experienced and have diversified businesses from which they may draw an array of experience and hence contribute towards the strategic direction for EATECH. <p data-bbox="612 562 1366 591">(i) The cashflow position and requirements of EATECH</p> <ul data-bbox="695 622 1445 1189" style="list-style-type: none"> <li data-bbox="695 622 1445 815">• Notwithstanding that EATECH has turned around its operations and generated profits, the total deposits and cash and cash equivalent as at 31 March 2024 is insufficient to address its financial condition within the required time frame to complete the SOA and be uplifted from the current PN17 status. <li data-bbox="695 824 1445 987">• Without adequate working capital, the ability of the Group and the Company to achieve profitable operations, generate sufficient cash inflows from their operations and to successfully obtain extension of the expiring contracts may be affected. <li data-bbox="695 996 1445 1189">• The Proposed Shares Issuance provides a degree of certainty for EATECH to raise the funding of RM79.58 million as the Subscription Agreements (including Supplemental Agreements, which reflect the latest proposal) have already been entered into with the identified Subscribers for the said issuance. <p data-bbox="612 1227 1445 1323">(ii) The Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it strengthens the capital base</p> <ul data-bbox="695 1355 1445 1621" style="list-style-type: none"> <li data-bbox="695 1355 1445 1621">• Upon completion of the Proposed Shares Issuance which is expected to increase the Company’s equity base by approximately RM79.58 million, EATECH would have addressed one of the prescribed criteria in accordance with paragraph 2.1(a) of PN17 whereby EATECH’s shareholders’ equity on a consolidated basis should not be 25% or less of its share capital (excluding treasury shares) and shareholders’ equity is less than RM40 million. <p data-bbox="612 1653 1445 1720">(iii) Waiver of debts owed to the scheme creditors as well as recognition of a one-off net income</p> <ul data-bbox="695 1751 1445 1944" style="list-style-type: none"> <li data-bbox="695 1751 1445 1944">• Upon settlement of the debts owed to scheme creditors under the SOA, with the proceeds from the Asset Disposal Program and the Proposed Shares Issuance, EATECH will receive a waiver of debts owed to the scheme creditors pursuant to the SOA as well as recognise a one-off net income of approximately RM127.4 million.

Section in this IAL	Area of evaluation	Our comments												
		<p>(iv) Potential impact to the cost of capital and gearing level of the Group</p> <p>Based on the audited financial results of the EATECH Group as at FYE 31 December 2023, we have assessed the proforma changes in the WACC and gearing of the EATECH Group with reference to the following scenarios as at the LPD:</p> <table border="1" data-bbox="699 602 1444 824"> <thead> <tr> <th data-bbox="708 607 831 633">Scenarios</th> <th data-bbox="1018 607 1114 667">WACC %</th> <th data-bbox="1281 607 1385 667">Gearing times</th> </tr> </thead> <tbody> <tr> <td data-bbox="708 689 879 716">As at the LPD</td> <td data-bbox="1027 689 1104 716">8.50%</td> <td data-bbox="1307 689 1359 716">2.22</td> </tr> <tr> <td data-bbox="708 734 900 761">Equity Scenario</td> <td data-bbox="1027 734 1104 761">8.48%</td> <td data-bbox="1307 734 1359 761">0.49</td> </tr> <tr> <td data-bbox="708 779 879 806">Debt Scenario</td> <td data-bbox="1027 779 1104 806">8.51%</td> <td data-bbox="1307 779 1359 806">1.12</td> </tr> </tbody> </table> <p>We are of the view that the Proposed Shares Issuance is appropriate for the EATECH Group due to the following:</p> <ul style="list-style-type: none"> • The gearing ratio of the EATECH Group is expected to improve from 2.22 times to 0.49 times under the Equity Scenario; • If the Group opts for debt funding, EATECH would have to bear additional cash outflows to service its loan repayments as well as interest payments; • EATECH had not been successful in obtaining additional funding from financial institutions since being categorised under PN17; and • The WACC under the Equity Scenario would decrease by 0.02% from 8.50% to 8.48%. In addition, the Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan and is necessary to address the PN17 status of EATECH. 	Scenarios	WACC %	Gearing times	As at the LPD	8.50%	2.22	Equity Scenario	8.48%	0.49	Debt Scenario	8.51%	1.12
Scenarios	WACC %	Gearing times												
As at the LPD	8.50%	2.22												
Equity Scenario	8.48%	0.49												
Debt Scenario	8.51%	1.12												
6.3	Rationale for the Proposed Exemption	<p>The Proposed Exemption will relieve Datuk Wira Mubarak, VSB and their PAC from the obligation to undertake the MGO upon the completion of the Proposed Shares Issuance, as Datuk Wira Mubarak and VSB have no intention to undertake the MGO as a result of the Company undertaking the Proposed Shares Issuance. We have taken into consideration the following in assessing the Proposed Exemption:</p> <ul style="list-style-type: none"> (i) The Proposed Exemption on a standalone basis has no effects on the Company; (ii) Given that the Proposed Shares Issuance and the Proposed Exemption are inter-conditional and they form an integral part of the Proposed Regularisation Plan, the Proposed Exemption is essential to facilitate the successful implementation of the Proposed Shares Issuance; (iii) The Company is expected to be able to realise the potential benefits highlighted in Sections 6.1 and 6.2 of this IAL; and 												

Section in this IAL	Area of evaluation	Our comments
6.4	Rationale for the Proposed ESS	<p>(iv) Without the Proposed Exemption, the Company will not be able to implement the Proposed Regularisation Plan nor reap its expected benefits. There is no assurance that it will be able to arrive at an alternative plan within the requisite time frame, pending which it may face the risk of suspension or delisting of its shares from Bursa Securities and legal action from its creditors.</p> <p>We note that the Proposed ESS is intended to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of the EATECH Group, especially Directors and employees who are working towards regularisation of the EATECH Group’s operations and financial condition and the upliftment of EATECH from its PN17 status.</p>
6.5	Evaluation of the Subscription Price	<p>In our evaluation of the Subscription Price, we have taken into consideration the following:</p> <ul style="list-style-type: none"> (i) The movement of the closing market prices of EATECH Shares on the Main Market of Bursa Securities for the past 24 months up to the LTD and until the LPD; (ii) The last closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the EATECH Shares up to the LTD and LPD respectively; (iii) The NA per EATECH Share as at the FYE 31 December 2023 and FYE 31 December 2022 (which was the latest available at the time of entering into the Supplemental Agreements); and (iv) We have adopted an asset-based approach (i.e. P/B Multiple) to evaluate the Subscription Price as EATECH is an asset intensive company. We have undertaken a comparable company analysis of the implied P/B Multiple of the Company based on the Subscription Price against the range of the trading P/B Multiple established by the Comparable Companies. <p>The Subscription Price is justifiable for a shares issuance exercise which forms an integral part of a regularisation plan involving a company classified under PN17 at the material time of this IAL, premised on the following:</p> <ul style="list-style-type: none"> (i) Investment in the Subscription Shares involves higher risk given the existing PN17 condition of EATECH and taking into consideration its current financial position; (ii) The Subscription Price represents a premium of RM0.03 or 42.9% to the closing market price of RM0.07 per Share on 24 February 2022, being the last trading day prior to the Company’s first PN17 announcement; (iii) The Subscription Price represents a premium to the audited NA of the EATECH Group as at 31 December 2022 of RM0.07 per Share which was the latest available at the time of entering into the Supplemental Agreements;

Section in this IAL	Area of evaluation	Our comments
		<p>(iv) The Subscription Price represents an implied P/B Multiple of 0.91 times (based on the audited NA per Share as at 31 December 2023) which is within the audited trading P/B Multiple range of 0.53 times to 2.59 times of Comparable Companies; and</p> <p>(v) The Subscription Price of RM0.10 allows the Company to raise the highest amount of funds of RM79.58 million as compared to all proposals received by EATECH from interested investors up to the LPD.</p>
		<p>Please refer to Section 6.5 of this IAL for further details.</p>
6.6	Salient terms of the Subscription Agreements and Supplemental Agreements	<p>The salient terms of the Subscription Agreements and the Supplemental Agreements which were mutually agreed between EATECH and the Subscribers are generally on normal commercial terms for transactions of similar nature and are acceptable.</p> <p>Please refer to Section 6.6 of this IAL for the detailed basis of assessment.</p>
6.7	Effects of the Proposed Regularisation Plan	<p>The Proposed Exemption on a standalone basis will not have any impact on the issued share capital, substantial shareholders' shareholdings, NA, gearing and earnings of EATECH.</p> <p>Concurrently, the proforma effects of the Proposed Shares Issuance on the share capital, substantial shareholders' shareholdings, NA, gearing and earnings are as follows:</p> <p>(i) The capital base of the Company will be strengthened and increased by the amount of net proceeds raised via the said issuance;</p> <p>(ii) The Proposed Shares Issuance involves Subscription Shares representing approximately 60% of the enlarged share capital of EATECH upon completion. VSB's direct shareholdings will increase from nil to 51% and it will emerge as a new substantial shareholder of EATECH. Consequently, the collective shareholdings of the Non-Interested Shareholders will reduce from 100% to 40%. In addition, the public shareholdings in EATECH will reduce from 47.40% to 27.96%;</p> <p>(iii) The NA per Share is expected to decrease on pro forma basis from RM0.11 to RM0.10 taking into consideration that the Subscription Price represents a discount to NA per Share. Nonetheless, the NA per Share will increase to RM0.20 upon the completion of the SOA. The pro forma gearing ratio of the Group is expected to reduce from approximately 2.22 times to 0.95 times mainly as a result of the increase in shareholders' equity upon completion of the Proposed Shares Issuance and will improve further to 0.49 times following the completion of the SOA; and</p>

Section in this IAL	Area of evaluation	Our comments
6.8	Industry outlook and prospects of the Group	<p>(iv) Upon completion of the Proposed Regularisation Plan, which is expected to be in the 2nd quarter of 2024, there will be a corresponding dilution in the Group's EPS (excluding the one-off net income from waiver of debt of approximately RM127.4 million) pursuant to the Proposed Shares Issuance. Notwithstanding the foregoing, the Proposed Regularisation Plan would enable the Group to achieve the potential benefits as set out in Section 4 of Part A of the Circular, which are expected to contribute positively to the future profitability of the Group barring unforeseen circumstances.</p> <p>Global growth is projected at 3.2% in 2024 and 2025. Despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient. The GDP is forecast to expand between 4% and 5% in 2024.</p> <p>The global oil demand growth forecast for 2024 remains at 2.2 million barrels per day. In 2025, global oil demand is expected to see robust growth of 1.8 million barrels per day, year-on-year.</p> <p>Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, more future offshore exploration activities are expected to be conducted in deep and ultra-deep water in Malaysia. The local oil and gas industry including the local oil and gas services and equipment industry can also look forward to the continuing close attention and support from the Government in the form of national strategic policies or masterplans, due to its strategic importance as key source of revenue and economy driver.</p> <p>Furthermore, we note from the future plans and strategies of the Group that the Group's order book and business plans align with the strategic goals as set out in EATECH's Annual Report 2023 which are to enhance the business revenue, support the cost reduction programme and maintain liquidity preservation.</p> <p>Premised on the foregoing, the outlook and prospects of the EATECH Group upon completion of the Proposed Regularisation Plan are expected to improve in the longer term.</p>
6.9	Risk factors of the Proposed Regularisation Plan	<p>The risk factors associated with the Proposed Regularisation Plan include, but are not limited to the risks highlighted in Section 6 in Part A of the Circular, as well as the following:-</p> <ul style="list-style-type: none"> Should there be delays in the implementation or the non-completion of the Proposed Regularisation Plan and SOA, there is a risk that EATECH will continue to be classified under PN17 and the trading of EATECH Shares may be suspended and/or delisted. Nevertheless, the Company will take reasonable steps to ensure successful and timely implementation of the SOA; and

Section in this IAL	Area of evaluation	Our comments
6.10	Implications of the Proposed Exemption	<ul style="list-style-type: none"> The ability of EATECH to be uplifted from its PN17 status is dependent on the EATECH Group recording a net profit in 2 consecutive quarters immediately after the Proposed Regularisation Plan, to demonstrate the Proposed Regularisation Plan is comprehensive and capable of addressing the issues that had caused EATECH to trigger the prescribed criteria. There is no certainty that EATECH will be able to record profits in 2 consecutive quarters immediately after the Proposed Regularisation Plan. We note that EATECH has been able to record profits for the last 7 quarters up to 31 March 2024. <p>Non-Interested Shareholders should take note of the risk factors and the relevant measures undertaken to mitigate such risks; and that there can be no assurance that any of the risk factors (which are not meant to be exhaustive) will not have a material and adverse effect on the business and financial position of EATECH.</p> <p>Should the Non-Interested Shareholders <u>vote in favour</u> of the Proposed Exemption, VSB will be able to submit an application to the SC for the Proposed Exemption as it fulfils the requirement under subparagraph 4.08(2)(b) of the Rules for the SC’s consideration. The Non-Interested Shareholders’ approval of the Proposed Exemption will imply that Non-Interested Shareholders agree to waive their rights to a general offer by Datuk Wira Mubarak, VSB and their PAC for EATECH Shares based on the highest price paid by Datuk Wira Mubarak, VSB and their PAC for EATECH Shares in the past six months preceding the commencement of the offer. The proposals forming the Proposed Regularisation Plan are inter-conditional and without the Proposed Exemption, the Proposed Shares Issuance and the Proposed ESS will not proceed. Therefore, voting in favour of the Proposed Exemption will enable the EATECH Group to reap the benefits of the Proposed Shares Issuance.</p> <p>If the Non-Interested Shareholders <u>vote against</u> the Proposed Exemption, VSB will not be able to submit an application to the SC for the Proposed Exemption as it does not fulfill the requirement under subparagraph 4.08(2)(b) of the Rules. The proposals forming the Proposed Regularisation Plan will not proceed as they are inter-conditional and the shareholding structure of EATECH will remain the same. The rationale of the Proposed Regularisation Plan and any potential benefits therefrom would not materialise.</p>

3. CONCLUSION AND RECOMMENDATION

The Proposed Exemption, if granted, will allow the EATECH Group to undertake the Proposed Shares Issuance. Accordingly, the potential advantages and disadvantages are summarised below:

Potential Advantages

- The Proposed Exemption, if approved, would enable EATECH to implement the Proposed Regularisation Plan which includes, inter-alia, the Proposed Shares Issuance which is deemed to be the more certain and expedient fundraising proposal presently available to the Company given the challenges as a PN17 entity;
- The Company will be able to reap the benefits from implementation of the Proposed Regularisation Plan, including the following:
 - (a) raise the requisite funds amounting to RM31.0 million towards final settlement of the balance payments due to scheme creditors pursuant to the SOA;
 - (b) raise the requisite funds for partial repayment of RM26.0 million to Sindora of amounts settled on behalf of EATECH after it had triggered PN17 prescribed criteria;
 - (c) raise an additional RM19.7 million for its working capital purposes which together with other cash generated by the Company, is anticipated by the Board to enable EATECH to have sufficient working capital for a period of 12 months from the date of the Circular;
 - (d) the settlement arrangements with scheme creditors under the SOA will allow the Company to recognise a one-off total net income of RM127.4 million as a result of debt waiver from them; and
 - (e) completion of the restructuring of the Company from the Proposed Regularisation Plan will improve the Company's financial condition, as reflected in more positive financial ratios, thereby:
 - (i) facilitating its exit from PN17 status;
 - (ii) enhancing its stakeholders' confidence in the Company; as well as
 - (iii) addressing External Auditors' concerns surrounding material uncertainty events;
- The Proposed Regularisation Plan and completion of SOA will strengthen the overall NA, financial position and capital base of EATECH. As illustrated in proforma effects of the Proposed Shares Issuance and SOA on its audited consolidated financial statements as at 31 December 2023:
 - (a) Shareholders' equity will increase to above 50% of the share capital (up to approximately 101%);
 - (b) One-off net income as a result of the debt waivers by scheme creditors will correspondingly turn around the accumulated losses to retained earnings of approximately RM2.2 million;
 - (c) NA per Share of EATECH will improve from RM0.11 to RM0.20;
 - (d) Gearing ratio of EATECH will improve from 2.22 times to 0.49 times; and
 - (e) The WACC of EATECH will decrease from 8.50% to 8.48%;
- The equity funding of approximately RM79.58 million raised in an expeditious manner for the timely settlement of amounts owing to the creditors under the SOA greatly reduces the potential for any further legal action from the aforesaid creditors;
- The Proposed Exemption, forming part of the Proposed Regularisation Plan will facilitate the required regularisation within the stipulated time frame, thereby greatly reducing the risk of trading suspension or delisting; and
- The Group need not be burdened by additional debt service obligations which would otherwise be required if the Company's working capital of RM19.7 million were to be funded via debt financing which if sought, would be negotiated in a challenging financial situation and thereby on considerably weaker terms.

Potential Disadvantages

- Datuk Wira Mubarak, VSB and their PAC would be exempted from the obligation to acquire all remaining EATECH Shares not owned by them upon subscription of new EATECH Shares pursuant to the Proposed Shares Issuance. Accordingly, they will subscribe for the Shares at the negotiated price of RM0.10 which represents a discount of 9.09% to the audited consolidated NA per Share as at 31 December 2023 and up to 72.97% to the historical VWAPs up to the LPD of the Company and their collective shareholdings in EATECH will increase to 51% of the enlarged issued share capital of the Company without being required to undertake the MGO;
- Based on the Record of Depositors as at LPD, the existing shareholders' shareholdings of EATECH will be proportionately diluted from 100% to 40% upon completion of the Proposed Shares Issuance. Correspondingly, the public shareholding spread will decline from 47.40% to 27.96%; and
- Pursuant to the Proposed Shares Issuance to be implemented together with the Proposed Exemption, the deemed equity interests of Datuk Wira Mubarak, VSB and their PAC in EATECH will increase to more than 50%, thereby giving them statutory control in certain scenarios (unless they are required to abstain from voting). Should the collective shareholdings of Datuk Wira Mubarak, VSB and their PAC remain at levels in excess of 50% post-completion of the Proposed Shares Issuance and the Proposed Exemption: (i) any subsequent shareholding increase would not trigger any MGO obligations; and (ii) this would enable Datuk Wira Mubarak, VSB and their PAC to determine the outcome of the ordinary resolutions which require a simple majority of 50% plus 1 share and have significant influence on the outcome of the special resolutions which require a special majority of at least 75% at general meetings (unless they are required to abstain from voting).

Premised on the above and our evaluation and assessment of the Proposed Exemption on the basis of the relevant information made available to us as at the LPD and set out in this IAL, we are of the opinion that overall, the merits outweigh the disadvantages. Therefore, on a holistic approach, the Proposed Exemption is **FAIR AND REASONABLE** to the Non-Interested Shareholders of EATECH.

Accordingly, cfSolutions recommends that the Non-Interested Shareholders **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

The Non-Interested Shareholders are advised not to rely solely on the Executive Summary or this IAL to form an opinion on the Proposed Exemption. Non-Interested Shareholders shall exercise their own judgement and are responsible for the ultimate decision on whether to take that course of action. Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Exemption carefully based on all relevant and pertinent factors including those set out in the Circular and this IAL, as well as other publicly available information prior to making a decision to voting on the resolution pertaining to the Proposed Exemption. Further, the Non-Interested Shareholders should consider our recommendation herein together with the limitations of our evaluation of the Proposed Exemption as set out in **Section 3** of this IAL.

This IAL is prepared solely for the use of the Non-Interested Shareholders for the purpose of considering the Proposed Exemption and should not be used or relied upon by any other party for any other purpose whatsoever. We also have not given consideration to the specific investment objectives, risk profiles, financial situations, tax positions and any particular needs of any individual shareholder or any specific group of shareholders. **IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS.**

7 June 2024

To: The Non-Interested Shareholders of E.A. Technique (M) Berhad

Dear Sir / Madam,

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF E.A. TECHNIQUE (M) BERHAD IN RELATION TO THE PROPOSED EXEMPTION

This IAL is prepared for inclusion in the circular to the shareholders of EATECH dated 7 June 2024 in relation to the Proposed Regularisation Plan (“**Circular**”) and should be read in conjunction with the rest of the Circular.

1. INTRODUCTION

On 25 February 2022, the Company was classified as a PN17 company (pursuant to the trigger of the criteria in relation to its financial condition as prescribed under paragraph 8.04 of the Listing Requirements and paragraph 2.1(e) of PN17) and has since sought to formulate a regularisation plan which will allow it to be uplifted from the said status upon implementation. Please refer to **Section 1 of Part A** of the Circular for the chronological events in relation to the trigger of PN17 prescribed criteria by the Company, Proposed Regularisation Plan as well as the SOA with scheme creditors which took effect on 12 January 2023.

On 7 November 2023 and 1 December 2023, Malacca Securities had, on behalf of the Board, made the requisite announcements pursuant to paragraph 4.2 of PN17 which set out the Proposed Regularisation Plan of the Company, comprising the following proposals (as detailed in Part A of this Circular):

- (i) proposed shares issuance of up to 795,750,000 new ordinary shares of EATECH at the subscription price of RM0.10 each representing approximately 60% of the enlarged share capital of EATECH on completion, which will raise proceeds of up to RM79.58 million (“**Proposed Shares Issuance**”);
- (ii) proposed exemption under subparagraph 4.08(1)(b) of the Rules for Datuk Wira Mubarak (ultimate offeror), VSB (offeror) and their PAC from the obligation to undertake a MGO for all the remaining EATECH Shares not already owned by them arising from the issuance of the Subscription Shares by EATECH to them pursuant to the Proposed Shares Issuance (“**Proposed Exemption**”); and
- (iii) proposed establishment of an employees’ shares scheme of up to 10% of the total number of issued shares in EATECH (excluding treasury shares, if any) at any point in time during the tenure of the scheme for eligible Directors and employees of the EATECH Group (excluding dormant subsidiaries, if any) (“**Proposed ESS**”).

On 10 November 2023, Malacca Securities had, on behalf of the Board, announced that the application in relation to the Proposed Regularisation Plan had been submitted to Bursa Securities for its approval. The said approval was granted by Bursa Securities vide its letter of 30 May 2024.

Pursuant to the Subscription Agreements and the Supplemental Agreements which EATECH had entered into for the Proposed Shares Issuance on 7 November 2023 and 1 December 2023 respectively, VSB intends to subscribe for 676,387,500 or 85% of the total Subscription Shares while 3 individual subscribers namely, Encik Nasrul, Mr Lim and Dato’ Sri Wong will subscribe for 119,362,500 or 15% of Subscription Shares subject to the terms and conditions of the said agreements.

The shareholdings of Datuk Wira Mubarak, VSB, their PAC (i.e. Dato' Lai), other Subscribers and the Non-Interested Shareholders after the Proposed Shares Issuance is completed are summarised in the ensuing table:

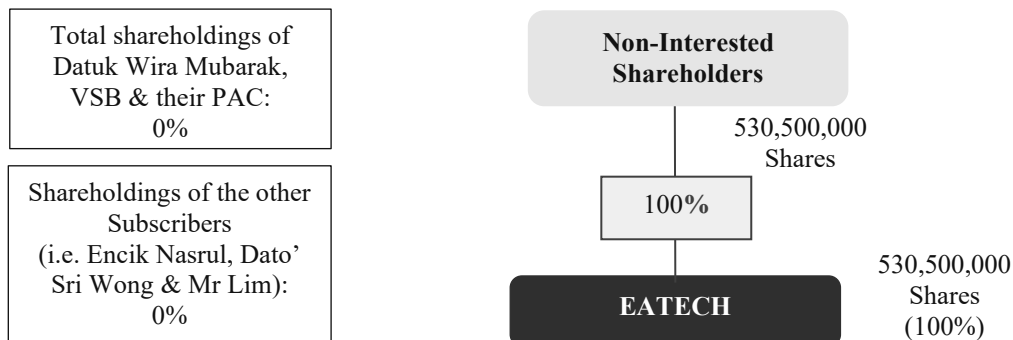
Shareholdings in EATECH	As at the LPD	After the Proposed Shares Issuance
<u>Subscribers:</u>		
VSB	-	51.0%*
Encik Nasrul	-	2.5%
Mr Lim	-	4.0%
Dato' Sri Wong	-	2.5%
	-	60.0%
Non-Interested Shareholders	100.0%	40.0%
Total	100.0%	100.0%

Note:

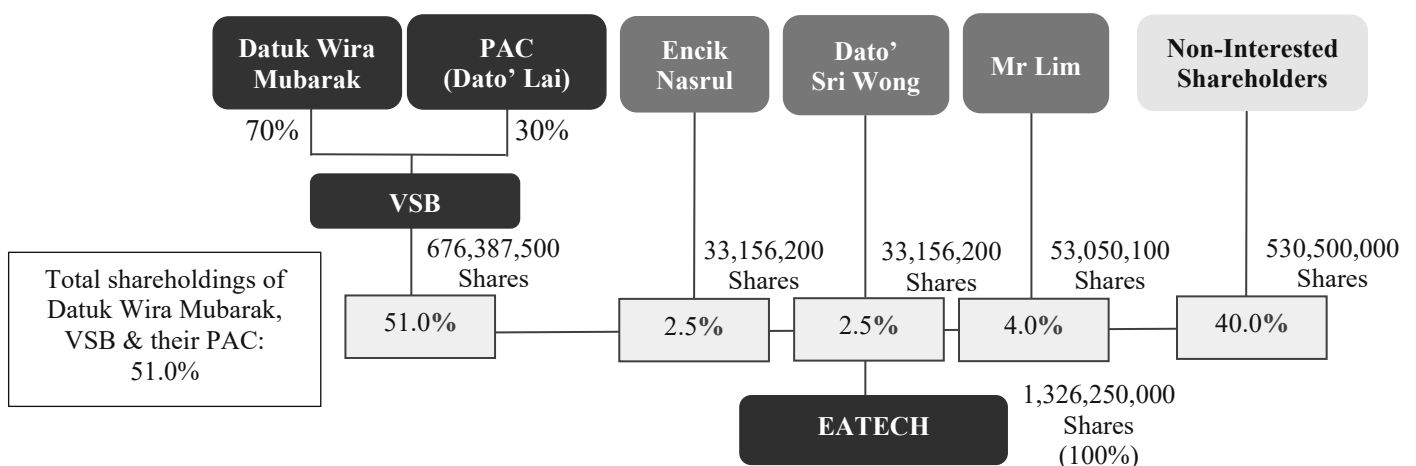
* Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via his shareholdings of 70% in VSB whilst Dato' Lai will emerge as an indirect shareholder of EATECH via his shareholdings of 30% in VSB. Datuk Wira Mubarak and Dato' Lai are also the directors of VSB. For information purposes, VSB, Datuk Wira Mubarak and Dato' Lai are not connected to the other Subscribers, namely Encik Nasrul, Mr Lim and Dato' Sri Wong.

For illustrative purposes, the shareholding structure of EATECH before and after the Proposed Shares Issuance and the Proposed Exemption based on the direct shareholdings of the Non-Interested Shareholders, Datuk Wira Mubarak, VSB, their PAC and other Subscribers in EATECH as at the LPD are set out in the following diagrams:

EXISTING



UPON COMPLETION OF THE PROPOSED SHARES ISSUANCE AND THE PROPOSED EXEMPTION



As at the LPD, Datuk Wira Mubarak, VSB and their PAC do not hold any EATECH Shares. Upon the Subscription Agreement and the Supplemental Agreement with VSB becoming unconditional and on completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via his 70% shareholding in VSB, which in turn emerges with 51% shareholding in EATECH. For information purposes, the other Subscribers namely, Encik Nasrul, Dato' Sri Wong and Mr Lim do not hold any EATECH Shares as at LPD.

Pursuant to subsection 218(2) of the CMA, an acquirer who has obtained control in a company shall make a take-over offer for the remaining voting shares in accordance with the provisions of the Malaysian Code on Take-Overs and Mergers 2016. In accordance with subparagraph 4.01(a) of the Rules, unless otherwise exempted by the SC, a mandatory offer shall apply to an acquirer where the acquirer has obtained control in the company (i.e. more than 33% of the voting shares or voting rights of the company) irrespective of how control has been effected, including by way of a scheme. Accordingly, on completion of the Proposed Shares Issuance, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and their PACs. However, it is not their intention to undertake the MGO pursuant to VSB's participation in the Proposed Shares Issuance. Accordingly, they intend to seek an exemption under subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the MGO. The approval of the SC for the Proposed Exemption is a condition precedent in VSB's Subscription Agreement.

For the purposes of the Proposed Exemption, VSB is the offeror and Datuk Wira Mubarak is the ultimate offeror by virtue of him being the controlling shareholder of VSB whilst Dato' Lai is a PAC by virtue of his shareholdings and directorship in VSB. For information purposes, VSB, Datuk Wira Mubarak and Dato' Lai are not connected to the other Subscribers, namely Encik Nasrul, Mr Lim and Dato' Sri Wong.

The SC may consider granting such an exemption if Datuk Wira Mubarak, VSB and their PAC have satisfied the following conditions as set out in subparagraph 4.08(2) of the Rules:

- (i) there has been no disqualifying transaction(s); and
(In accordance to subparagraph 4.08(2)(a) of the Rules, the disqualifying transaction above refers to a situation whereby Datuk Wira Mubarak, VSB and their PAC have acquired any EATECH Shares during the six months prior to the announcement of the Proposed Regularisation Plan but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Regularisation Plan, until the completion of the Proposed Shares Issuance.)
- (ii) approval is obtained from the Non-Interested Shareholders at the forthcoming EGM for the Proposed Exemption.

In addition, when seeking the approval of the Non-Interested Shareholders, the following procedures are to be observed pursuant to subparagraph 4.08(3) of the Rules:

- (i) the resolution for the Proposed Exemption is separate from other resolutions but may be conditional on other resolutions;
- (ii) All interested parties are required to abstain from voting on the Proposed Exemption at the forthcoming EGM;
- (iii) the voting at the forthcoming EGM is conducted by way of poll;
- (iv) the Company must appoint its auditors, any share registrar or external accountants who are qualified to serve as auditors for the Company, as scrutineer for the vote-taking. The identity of the scrutineer and the results of the poll (including the number of shares voted for and against the resolution) must be announced;

- (v) The whitewash circular must be submitted to the SC for SC's comments on the contents relating to the Proposed Exemption and must not be issued until the SC has notified that it has no further comments thereon;
- (vi) where the SC has notified that it has no further comments to the contents of the whitewash circular relating to the Proposed Exemption, a statement shall be included that such notification shall not be taken to suggest that the SC recommends the Proposed Exemption or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the whitewash circular;
- (vii) the Non-Interested Shareholders are provided with competent independent advice regarding the Proposed Exemption where this IAL must be submitted to the SC for comments and must not be issued until the SC has notified that it has no further comments thereon;
- (viii) this IAL contains all information as required under Schedule 2 of the Rules;
- (ix) where the SC has notified that it has no further comments to the contents of this IAL, a statement shall be included that such notification shall not be taken to suggest that the SC agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL; and
- (x) this IAL is despatched to the Shareholders at least 14 days before the forthcoming EGM.

The Proposed Shares Issuance, Proposed Exemption and Proposed ESS form the Proposed Regularisation Plan and are inter-conditional. Hence, in the event that the Non-Interested Shareholders or the SC do not approve the Proposed Exemption, the Proposed Shares Issuance and the Proposed ESS will not be implemented.

In compliance with paragraph 3.06 of the Rules, cfSolutions was appointed by the Board on 7 November 2023 to act as the Independent Adviser to advise the Non-Interested Shareholders of EATECH on the Proposed Exemption. Pursuant to paragraph 3.07 of the Rules, cfSolutions had on 8 November 2023 declared its independence from any conflict of interest or potential conflict of interest to the SC in relation to its role as the Independent Adviser for the Proposed Exemption.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, on 4 June 2024, given its notification that it has no further comments to the contents of this IAL. The aforementioned notification shall not be taken to suggest that the SC agrees with the recommendation of cfSolutions or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide the Non-Interested Shareholders with an evaluation on the fairness and reasonableness of the Proposed Exemption on a holistic basis, together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL and should not be used nor relied upon by any other party for any other purpose whatsoever.

The Non-Interested Shareholders should nonetheless rely on their own evaluation of the merits and demerits of the Proposed Exemption and are advised to read this IAL together with Part A of the Circular and the appendices thereto, and to consider carefully the recommendation contained in this IAL before voting on the resolution pertaining to the Proposed Exemption at the forthcoming EGM of the Company. If you are in any doubt as to the course of action to be taken, you should consult your stockbrokers, bank managers, solicitors, accountants and other professional advisers.

2. DETAILS OF THE PROPOSED REGULARISATION PLAN

The details of the Proposed Regularisation Plan are as set out in **Sections 2 and 3 of Part A** of the Circular.

3. LIMITATIONS TO THE EVALUATION OF THE PROPOSED EXEMPTION

cfSolutions was not involved in any negotiation, discussion or formulation of the Proposed Regularisation Plan and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Regularisation Plan. cfSolutions' terms of reference as an independent adviser is limited to expressing an independent evaluation of the Proposed Exemption per subparagraph 4.08(3) of the Rules.

In our evaluation and analysis, and in formulating our recommendation, we have relied upon the reasonableness, accuracy and completeness of the following information:

- (i) the information contained in Part A of the Circular and the appendices attached thereto;
- (ii) the audited financial statements of the EATECH Group for the FYE 2021 to FYE 2023;
- (iii) the unaudited quarterly results of the EATECH Group from FPE 30 September 2022 up to FPE 31 March 2024;
- (iv) the Explanatory Statement to the scheme creditors dated 11 November 2022 and its errata dated 30 November 2022;
- (v) the Subscription Agreements dated 7 November 2023 and the Supplemental Agreements dated 1 December 2023;
- (vi) discussions with the Board and the management of EATECH;
- (vii) other relevant information, documents, confirmations and representation furnished to us by the Board and management of EATECH; and
- (viii) other publicly available information.

Our evaluation and recommendation expressed herein shall hold only in so far as the information and data supplied to us or which are available to us as at the date hereof remain accurate and consistent. We have further assumed that such information has been prepared in good faith and reflects the best judgement and estimates of EATECH as of the date hereof and that EATECH is not aware of any facts that would make the documents, financial and/or other information as provided to us being incomplete, false, misleading or inaccurate. Further, we have requested for the verification of the information and documents and made enquiries with the Directors and the management of EATECH as well as third party experts (where relevant) and reviewed documents and made reliance on information provided by them. Whilst we make no representation as to the accuracy, validity and completeness of the information provided, we have no reason to believe that the aforesaid information/documents provided to us are unreasonable, unreliable, incomplete, misleading and/or inaccurate or that the material omission of which would make the information misleading or inaccurate.

We have obtained confirmation from the Board of EATECH that they have seen this IAL and they, collectively and individually, accept full responsibility for the accuracy of the information provided and given to us subject to limitation in its responsibility as detailed in the **Section 8** of this IAL and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information contained in this IAL to the extent the statement or information related to the EATECH Group, the Proposed Regularisation Plan, Datuk Wira Mubarak, VSB and their PAC which is inaccurate, incomplete, false or misleading and all information relevant to our evaluation of the Proposed Exemption have been disclosed to us and that there is no other fact or information, the omission of which would make any information or statement in this IAL and/or any information furnished to cfSolutions incomplete, false, misleading or inaccurate as at the LPD.

In rendering our advice, cfSolutions had taken note of pertinent issues, which we believe are necessary and of importance to an assessment of the implications of the Proposed Exemption and are therefore of general concern to the Non-Interested Shareholders.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the LPD. Our advice should be considered in the context of the entirety of this IAL.

Pursuant to paragraph 11.07 of the Rules, we shall notify the SC in writing and the Non-Interested Shareholders by way of announcement if, after despatching this IAL and prior to the EGM, we become aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

The disclosures and announcements of such facts or statements shall be made before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules. If circumstances require, we shall issue a supplementary IAL in accordance with subparagraph 11.07(2) of the Rules.

It is not within our terms of reference to express any opinion on the commercial merits and/or risks of the Proposed Regularisation Plan nor the impact on future prospects post-completion of the same, the assessment of which remain the sole responsibility of the Board although we may draw upon the Board's rationale in arriving at our opinion. As such, where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation. We wish to emphasise that our role as Independent Adviser also does not extend to rendering an expert opinion on legal, accounting and tax positions relating to the Proposed Regularisation Plan and to any particular needs of any individual shareholder or any specific group of shareholders. In carrying out our evaluation, we also have not given consideration to the specific investment objectives, risk profiles, financial situations and any particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders. We will not be responsible for any damages or loss or any kind sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purposes whatsoever.

Accordingly:

- (i) cfSolutions' views and advice as contained in this IAL only cater to the Non-Interested Shareholders as a whole and not to any non-interested shareholder individually; and
- (ii) we recommend that any individual non-interested shareholder or group of non-interested shareholders who is in doubt as to the action to be taken or require advice in relation to the Proposed Exemption in the context of their individual objectives, risk profiles, financial, legal, accounting and tax situations or particular needs, should consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF CFSOLUTIONS

cfSolutions is a corporate finance adviser licensed by the SC under section 58 of the CMSA and recognised by Bursa Securities. cfSolutions offers a spectrum of corporate finance services including the provision of independent advice, valuation of assets and opinion on transactions.

The credentials and experience of cfSolutions as an independent adviser where it has been appointed prior to the date of this IAL include, amongst others, the following:

No.	Company name / Date of independent advice letter	Description of proposals
(i)	Asian Pac Holdings Berhad (“Asian Pac”) / 29 December 2016	Proposed exemption to Mah Sau Cheong (“MSC”) who is a major shareholder of Asian Pac and persons acting in concert with him under paragraph 4.08 of the Rules from the obligation to undertake a mandatory take-over offer for all the Asian Pac shares, convertible securities and new Asian Pac shares to be issued pursuant to the conversion of irredeemable convertible unsecured loan stocks and/or the exercise of the warrants not held by MSC or persons acting in concert with him
(ii)	Lay Hong Berhad / 5 October 2021	Proposed acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd comprising 500,001 shares not already owned by Lay Hong Berhad for a total consideration of RM28 million and proposed exemption under subparagraph 4.08(1)(a) of the Rules for Dato’ Yap Hoong Chai and persons acting in concert with him, from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares and warrants in Lay Hong Berhad not already owned by them upon completion of the proposed acquisition
(iii)	EP Manufacturing Berhad / 13 May 2022	Proposed disposal of 2 parcels of freehold land held together with the factories and offices constructed thereon for a total cash consideration of RM53.5 million and the subsequent leaseback of part of the aforementioned factories and offices
(iv)	Atlan Holdings Berhad / 28 February 2023	Proposed acquisition of a hotel from Belle Isle Property Ltd (“BIP”) for a purchase consideration of GBP10.8 million and proposed acquisition of all of BIP’s existing assets and liabilities which relate to the operations of the property to be acquired for a purchase consideration of GBP1
(v)	Adventa Berhad / 28 August 2023	Proposed renounceable rights issue of up to 152,785,770 new ordinary shares in Adventa Berhad on the basis of 1 rights share for every 1 existing share in Adventa Berhad held, on an entitlement date to be determined and announced later and proposed exemption under subparagraph 4.08(1)(b) of the Rules for Low Chin Guan and persons acting in concert with him, from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares in Adventa Berhad not already owned by them upon completion of the proposed rights issue

Based on the credentials and experience above, cfSolutions has the necessary resources and expertise to carry out its role and responsibilities as an independent adviser to advise the Non-Interested Shareholders in relation to the Proposed Exemption.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

Save as the interests of EATECH's Directors, major shareholders, chief executive and/or persons connected to them set out in **Section 10 of Part A** of the Circular (namely Sindora, Kulim Berhad and Johor Corporation in the Proposed Share Issuance by virtue of a portion of the proceeds raised to be repaid to Sindora, and Encik Nasrul, the Chief Executive Officer of EATECH as one of the Subscribers to the Proposed Shares Issuance as well as an awardee pursuant to the proposed allocation of up to 13,262,500 ESS Options to him under the Proposed ESS), none of EATECH's Directors, major shareholders, chief executive and/or persons connected to them have any interest in the proposals comprised within the Proposed Regularisation Plan.

6. EVALUATION OF THE PROPOSED EXEMPTION

In accordance with paragraph 8 of Schedule 2: Part III of the Rules, a holistic approach should be taken in assessing whether the Proposed Exemption is fair and reasonable and whether the Non-Interested Shareholders should vote for or against the Proposed Exemption.

As Independent Adviser for the Proposed Exemption, we have also given due consideration to the Company's rationale for the Proposed Regularisation Plan which consists of the Proposed Shares Issuance, Proposed Exemption and Proposed ESS.

Our evaluation is set out in the ensuing sections:

	<u>Section of the IAL</u>
(a) Rationale for the Proposed Regularisation Plan	6.1
(b) Rationale for the Proposed Shares Issuance	6.2
(c) Rationale for the Proposed Exemption	6.3
(d) Rationale for the Proposed ESS	6.4
(e) Evaluation of the Subscription Price	6.5
(f) Salient terms of the Subscription Agreements and Supplemental Agreements	6.6
(g) Effects of the Proposed Regularisation Plan	6.7
(h) Industry outlook and prospects of the Group	6.8
(i) Risk factors of the Proposed Regularisation Plan	6.9
(j) Implications of the Proposed Exemption	6.10

6.1. Rationale for the Proposed Regularisation Plan

We note the following from **Section 4 of Part A** of the Circular:

After due consideration of the various methods of fundraising, the Board is of the opinion that the Proposed Regularisation Plan is the most appropriate avenue to regularise the financial condition of the EATECH Group in order to address and uplift the PNI7 status of the Company.

As mentioned in Section 3.1 of Part A of the Circular, the Proposed Regularisation Plan will also facilitate the Group's immediate funding requirements, primarily for the repayment to scheme creditors and Sindora pursuant to the SOA and Sindora Settlement Agreement respectively. The Board believes that upon completion of the Proposed Regularisation Plan, the Group will be able to meet the criteria to uplift itself from being classified as a PN17 entity. The Board believes that this will also bode well for the Group as it will be able to provide confidence to its various stakeholders such as its shareholders, clients, financiers and employees of the Group moving forward.

Pursuant thereto, our comments on the rationale of the Proposed Regularisation Plan are as follows:

(i) Urgency for EATECH to regularise its PN17 status and complete the SOA

EATECH has been classified as a PN17 issuer since 25 February 2022. It was required pursuant thereto, inter-alia, to submit its regularisation plan to Bursa Securities within 12 months, ie. by 24 February 2023, but has had to apply for extensions of time on 9 February 2023 and 10 August 2023.

Over the period in which EATECH has been in the PN17 category, we note that the Company has taken steps to address the said status which include, inter-alia, undertaking a scheme of arrangement with creditors pursuant to the SOA which became effective on 12 January 2023. The SOA involves a proposed return of RM71.1 million representing 27.4% of total estimated debts of the scheme creditors amounting to RM259.4 million, asset disposals and a fundraising exercise towards settlement of the same.

Pursuant to the SOA, EATECH is to implement the SOA within 18 months from the lodgment of the SOA with the Companies Commission of Malaysia (i.e. 11 July 2024). EATECH has also worked closely with advisers to formulate a regularisation plan which takes into consideration the fundraising needs of the Group (including the SOA), the reputation of the interested investors and the complexity of the proposals involved including timing of completion.

We note that the current Proposed Regularisation Plan has been approved by Bursa Securities on 30 May 2024. The impending deadlines for the completion of the SOA and the regularisation plan to enable the upliftment of PN17 status makes it necessary for EATECH to raise the requisite funding expeditiously. Any delays in the implementation or non-completion of the Proposed Shares Issuance may adversely affect or disrupt the entire regularisation and satisfactory completion of the SOA with creditors, which may in turn prolong the PN17 condition. In such an event, the scheme creditors under the SOA may also commence/recommence their efforts to recover debts owed by EATECH through legal action and litigation as well as there is no assurance that Bursa Securities will continue to grant further extensions of time to address the PN17 status and not suspend the trading of EATECH Shares or de-list the Shares. It is hence, in the interest of the Company to implement the Proposed Regularisation Plan on a timely and expedient basis.

(ii) Challenging fundraising alternatives pending the upliftment of PN17 status

In terms of alternative fundraising options, we note the following from the Part A of the Circular:

- (a) Over the course of the past year prior to the Announcements, EATECH had considered various proposals and/or options to raise the requisite funds for the settlement of its creditors, including amongst others, seeking potential investors (including its major shareholder, Sindora) and negotiations with financial institutions for additional funding. Discussions with Sindora had concluded that Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise EATECH's financial position;
- (b) EATECH had not been successful in obtaining additional funding from financial institutions to repay the scheme creditors since being categorised under PN17;

- (c) An earlier proposal which also involved a proposed shares issuance involving Tan Sri Rashid via Eco Offshore Services Sdn Bhd was announced on 13 March 2023 but was subsequently aborted by way of mutual agreement on 24 July 2023 (“**First Proposal**”); and
- (d) Among the proposals received, subsequent to the First Proposal, the Board of EATECH had concluded that the proposal by VSB which forms an integral part of the Proposed Shares Issuance is in the best interest of the Company and its shareholders given the sufficiency of proceeds raised (the highest among the said proposals), reputation of investors and relative complexity and timing of completion in view of the pressing timeline. Per **Section 2.1 of Part A** of the Circular, we note that the Subscribers have confirmed the sufficiency of their financial resources via a declaration (and such confirmation has been verified by the Principal Adviser) and received letters of support from licensed financiers.

Based on the above, the Proposed Regularisation Plan provides a clear path to meet EATECH’s funding requirements via the Proposed Shares Issuance. There is no assurance that a better proposal would emerge within the time frame of the abovementioned deadlines (as discussed in **Section 6.1 (i)** above), should the current proposal be rejected by the shareholders of EATECH.

(iii) Positive financial effects of the Proposed Regularisation Plan to uplift the Company from PN17 status

The Proposed Regularisation Plan aims to regularise the financial condition of the EATECH Group to address the prescribed criteria under paragraph 2.1 of PN17 and uplift the PN17 status of the Company. As detailed in **Section 4.7 of Part A** of the Circular, we note that the prescribed criteria under paragraph 2.1 of PN17 are addressed as follows:

- (a) The completion of the Proposed Regularisation Plan is expected to adequately address:
 - i. paragraph 2.1(a) of PN17 wherein the consolidated shareholders’ equity of EATECH is required to be more than 25% of its share capital; and
 - ii. paragraph 2.1(d) of PN17 whereby the External Auditors have not expressed an adverse or disclaimer opinion in the latest audited financial statements of EATECH.
- (b) The completion of the SOA is crucial to avoid possible triggers of:
 - i. paragraph 2.1(b) of PN17 on an appointment of receivers or managers, or judicial managers over at least 50% of the total assets of the EATECH Group; and
 - ii. paragraph 2.1(c) of PN17 on winding-up proceedings of its subsidiaries or associated companies, which accounts for at least 50% of the total assets of the EATECH Group.
- (c) The completion of both the Proposed Regularisation Plan and the SOA is necessary to address paragraph 2.1(e) of PN17 wherein the shareholders’ equity of the listed issuer is required to amount to more than 50% of share capital and the auditors are satisfied with the Company’s going concern and do not express a qualification on the same in the Company’s audited financial statements.

The Proposed Shares Issuance facilitates, inter-alia, the completion of the SOA which is expected to generate a one-off net income estimated at approximately RM127.4 million from the waiver of debts by scheme creditors. In addition, RM19.7 million will be raised for general working capital purposes. Accordingly, shareholders’ equity will increase to above 50% of the share capital, up to approximately 101%.

We further note that in the Part A of the Circular, “The External Auditors have expressed that subject to any unforeseen circumstances and resolving of the above material uncertainty events (i.e. completion of the Proposed Regularisation Plan and the SOA, and hence the ability of EATECH to continue as a going concern), which is inclusive of EATECH having sufficient working capital for a period of 12 months, EATECH should not have any concern in relation to a material uncertainty related to going concern.”

In addition, paragraph 5.2(c) of PN17 requires EATECH to generate net profits for two consecutive quarters immediately after the implementation of the Proposed Regularisation Plan. Based on the unaudited consolidated results of EATECH for the last 7 quarters up to 31 March 2024, the Group’s operations have been profitable as follows:

Unaudited 3-month FPE	30 September 2022	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023	31 March 2024
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
PAT	5,677	19,234	7,490	7,804	5,118	3,280	6,894
Adjusted PAT	5,677	19,234	7,490	5,804 ⁽¹⁾	4,125 ⁽²⁾	666 ⁽³⁾	6,894

Notes:

- (1) Adjusted to exclude the waiver of amount owing to Sindora amounting to RM2 million.
- (2) Adjusted to exclude consultancy fee charged to the buyer of the Nautica Muar, one of the Divestment Vessels and write-back of amount due to creditors as no proof of debts were submitted by the relevant creditors under the SOA.
- (3) Adjusted to exclude write-back of amount due to creditors as no proof of debts were submitted by the relevant creditors under the SOA.

(Source: Unaudited financial results of the EATECH Group)

Per **Section 7.3** of **Part A** of the Circular, the Group has 16 ongoing contracts with total remaining contract value for the firm period of RM146.6 million, of which approximately RM66.3 million is expected to be billed in the FYE 31 December 2024 and the remaining balance of RM80.3 million is expected to be billed FYE 31 December 2025 onwards.

In **Section 12** of **Part A** of the Circular, the Board confirmed that, after taking into consideration the proceeds from the Proposed Regularisation Plan, the contracts secured up to LPD and the future plans and strategies of the Group, the Board is of the view that the working capital of the Group for the next 12 months is sufficient.

- (d) The repayment of the scheme creditors under the SOA and the portion owed to Sindora under the Sindora Settlement Agreement will settle the claims from various creditors and avoid triggering paragraph (f) of PN17 on a default in payment by the EATECH Group and where EATECH is unable to provide a solvency declaration to Bursa Securities. As highlighted in the paragraph (c) above, we note that the Company has generated profit after taxation for the last 7 quarters. Further, we note that the Board does not foresee further defaults in payments moving forward upon completion of the Proposed Regularisation Plan and SOA (as mentioned in item (f) in the table under **Section 4.7** of the **Part A** of the Circular).

(iv) The Proposed Regularisation Plan will improve the financial position of the EATECH Group

The proforma effects of the Proposed Regularisation Plan on the audited consolidated statement of financial position of EATECH as at 31 December 2023 are illustrated in Appendix V of the Circular and summarised below:

	Audited as at 31 December 2023	After the Proposed Regularisation Plan and the completion of the SOA
	RM'000	RM'000
Total current assets	88,665	74,483
Less:		
Total current liabilities	(327,694)	(64,198)
Net current assets / (Net current liabilities)	(239,029)	10,285
Current ratio (times)	0.27	1.16
NA	57,453	261,568
NA per Share (RM)	0.11	0.20
Gearing ratio (times)	2.22	0.49

We note from the above that the proforma net current liabilities will turn around from approximately RM239.03 million to net current assets of approximately RM10.29 million post-completion of the Proposed Regularisation Plan and final settlement for the SOA while the current ratio will improve from 0.27 times to 1.16 times.

Furthermore, NA will increase from RM57.45 million to RM261.57 million while NA per Share will rise from RM0.11 to RM0.20 (notwithstanding that number of EATECH Shares in issue would have increased from 530,500,000 Shares to 1,326,250,000 Shares).

In addition, gearing ratio will improve from 2.22 times to 0.49 times after the Proposed Shares Issuance and completion of SOA. The improved gearing level will place EATECH in a better financial position to raise additional financing facilities in the future for its operation and grow its business.

We note that upon successful implementation of the Proposed Regularisation Plan, the improved capital base of the Group should be seen by its stakeholders (including its bankers, suppliers, customers and employees) as a positive factor which should in turn, boost stakeholders' confidence in the Group's ability to carry out its projects, generate positive cashflows and earnings moving forward. Having considered the above improvement in financial position, together with the Group's existing order book of RM146.58 million and contracts available for extension of approximately RM281.25 million as at the LPD, we are of the view that the Proposed Regularisation Plan should augur well for the Group's outlook.

Furthermore, we note that the Board believes that the said plan together with positive cashflows expected to be generated from existing contracts as well as the diverse strength and expertise of the Company's key management will enable the Group to turn around the latest audited accumulated losses of RM122.30 million upon completion of the SOA in FYE 31 December 2024. For information purposes, the proforma retained earnings of EATECH Group (assuming completion of the SOA as at 31 December 2023) is RM2.24 million.

(v) Strategic direction from the new controlling shareholders

The Proposed Shares Issuance will result in the emergence of a new controlling shareholder, Datuk Wira Mubarak vide his shareholdings in VSB. We note that in **Section 4.4 of Part A** of the Circular, EATECH believes that the new shareholders will be able to contribute their combined array of experience and networking to provide the EATECH Group with strategic direction and new opportunities.

Datuk Wira Mubarak and Dato' Lai are involved in a spectrum of businesses activities including construction, property development, provision of electrical and mechanical engineering services, mining, food and beverages catering services, trading of motor vehicles, security supply services, human resources consultancy and training, etc.

We further note that EATECH hopes to be able to leverage on Datuk Wira Mubarak's and Dato' Lai's wealth of experience and standing as prominent businessmen for business opportunities as well as strategic direction to grow EATECH. Based on their track record as evidenced by their various businesses as detailed in Appendix I (C) of the Circular, Datuk Wira Mubarak and Dato' Lai are experienced and have diversified businesses from which they may draw an array of experience and hence contribute towards the strategic direction for EATECH.

Premised on the above, we are of the view that the Proposed Regularisation Plan has its merits.

6.2. Rationale for the Proposed Shares Issuance

We note the following from **Section 4.1 of Part A** of the Circular:

*Pursuant to the SOA, EATECH has agreed to pay its scheme creditors approximately RM71.1 million of which RM31.0 million will be raised through the Proposed Shares Issuance. As disclosed in **Section 3.1 of Part A** of the Circular, EATECH will settle RM26.0 million of the RM41.3 million owing to Sindora via the Proposed Shares Issuance and the balance in tranches over 3 years.*

Accordingly, the Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it will allow EATECH to raise the requisite funds primarily for the settlement of its creditors under the SOA and to Sindora. Upon settlement of the debts owed to scheme creditors under the SOA and to Sindora, EATECH should be able to recognise a one-off net income of approximately RM127.4 million as a result of the waiver of debts owed to the scheme creditors pursuant to the SOA.

Accordingly, the Proposed Shares Issuance will enable EATECH to address one of the prescribed criteria in accordance with paragraph 2.1(a) of PN17 whereby EATECH's shareholders' equity on a consolidated basis should not be 25% or less of its share capital (excluding treasury shares) and shareholders' equity is less than RM40 million.

Pursuant thereto, our comments on the rationale of the Proposed Shares Issuance are as follows:

(i) The cashflow position and requirements of EATECH

(a) Insufficient cash to meet the repayment of scheme creditors as well as repayment of Sindora

The cash position of the EATECH Group as at 31 March 2024 vis-a-vis the funds required for its specified debt repayments is set out below, for illustrative purposes:

	As at 31 March 2024
	RM'000
Deposits	31,527
Cash and cash equivalent	6,723
Available cash before repayment under the SOA	38,250
Repayment of scheme creditors under the SOA	(71,064)
Repayment of Sindora	(26,000)
Estimated shortfall of funds required	(58,814)
The estimated shortfall can be funded from the following proceeds:	
- Proposed Shares Issuance	79,575
Total funds to be raised	79,575

The above table illustrates that the current cash position of EATECH is insufficient to meet repayment of scheme creditors and repayment of Sindora without the Proposed Regularisation Plan. Notwithstanding that EATECH has turned around its operations and generated profits, the total deposits and cash and cash equivalent as at 31 March 2024 is insufficient to address its financial condition within the required time frame to complete the SOA and be uplifted from the current PN17 status as detailed in **Section 6.1(i)** above.

(b) The current cash position of EATECH may be insufficient to meet the working capital needs of its secured contracts

Adding to the point that the current cash position of the EATECH Group is insufficient to meet the repayment of scheme creditors and repayment of Sindora, the EATECH Group would also need to allocate funds to meet working capital and to fulfill its contractual obligations. We note that the total remaining contract value for firm period listed in Appendix I(C) of the Circular is approximately RM146.58 million. In the event that the Group is able to secure the full amount for the extension periods of all the contracts, the Group will have an additional RM281.25 million of contracts to fulfill. Without adequate working capital, the ability of the Group and the Company to achieve profitable operations, generate sufficient cash inflows from their operations and to successfully obtain extension of the expiring contracts (“**Profitable Continuing Operations**”) may be affected.

The management of EATECH has stipulated in its audited financial statements for the FYE 31 December 2023 that its financial statements has been prepared on a going concern assumption premised on the successful implementation of the Proposed Regularisation Plan and Profitable Continuing Operations. From our discussions with the management of EATECH, the current cash available in the Group is insufficient to meet the working capital requirements if the Company has to repay the scheme creditors pursuant to the SOA and Sindora in the absence of the Proposed Shares Issuance or other fund raising exercises. Any unexpected delays in collections may result in EATECH facing liquidity risks.

Therefore, the successful implementation of the Proposed Regularisation Plan which raises up to RM79.58 million of cash proceeds from identified Subscribers via the Proposed Shares Issuance, of which up to RM19.7 million has been allocated for general working capital purposes, is imperative to support the going concern assumption of the Company.

(c) The Proposed Shares Issuance provides a certain and expedient fund raising avenue

We note that the Company is pursuing the Proposed Shares Issuance as a funding avenue in view that:

- The Proposed Shares Issuance provides a degree of certainty for EATECH to raise the funding of RM79.58 million as the Subscription Agreements (including Supplemental Agreements, which reflect the latest proposal) have already been entered into with the identified Subscribers for the said issuance;
- The Proposed Shares Issuance will raise the requisite funds for the settlement of its creditors under the SOA and to Sindora. In addition, EATECH will have an additional RM19.7 million for working capital purposes;
- A rights issue as an alternative fund raising proposal is a more time consuming and less cost effective process, with no certainty that EATECH would be able to raise the quantum required. Furthermore, the major shareholder of EATECH, Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise its financial position; and
- Obtaining adequate additional bank borrowings to finance EATECH's working capital may be challenging considering its current PN17 status, the Group's net current liability position of RM239.03 million and gearing of 2.22 times as at 31 December 2023.

(ii) The Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it strengthens the capital base

The Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan which is intended to uplift EATECH from the PN17 status. Upon completion of the Proposed Shares Issuance which is expected to increase the Company's equity base by approximately RM79.58 million, EATECH would have addressed one of the prescribed criteria in accordance with paragraph 2.1(a) of PN17 whereby EATECH's shareholders' equity on a consolidated basis should not be 25% or less of its share capital (excluding treasury shares) and shareholders' equity is less than RM40 million.

(iii) Waiver of debts owed to the scheme creditors as well as recognition of a one-off net income

We note that upon settlement of the debts owed to scheme creditors under the SOA, with the proceeds from the Asset Disposal Program and the Proposed Shares Issuance, EATECH will receive a waiver of debts owed to the scheme creditors pursuant to the SOA as well as recognise a one-off net income of approximately RM127.4 million.

(iv) Potential impact to the cost of capital and gearing level of the Group

The WACC represents the cost of debt and equity capital used to finance assets. Based on the audited financial results of the EATECH Group as at FYE 31 December 2023, we have assessed the proforma changes in the WACC and gearing of the EATECH Group with reference to the following scenarios as at the LPD:

- (a) Equity Scenario : Assuming that the Company implements the Proposed Shares Issuance to raise RM79.58 million cash, for the proposed utilisation set out in **Section 3 of Part A** of this Circular

- (b) Debt Scenario : Assuming that the Company is able to secure additional borrowings to raise RM79.58 million cash (equivalent to total proceeds expected from the Proposed Shares Issuance) in the absence of the Proposed Shares Issuance, for the proposed utilisation set out in **Section 3 of Part A** of this Circular

The WACC of the EATECH Group, being the computation of the cost of each capital component multiplied by its proportionate weight is derived as follows:

$$\text{WACC} = \frac{E}{D + E} (k_e) + \frac{D}{D + E} (k_d)(1 - t)$$

Where:

Component	Description
E :	Market value of EATECH's equity as follows:
(a) RM196.29 million	(a) As at the LPD / Debt Scenario - RM196.29 million , based on the 5-day VWAP of EATECH Shares up to and including the LPD of RM0.37 and the issued share capital of EATECH as at the LPD of 530.50 million EATECH Shares.
(b) RM490.71 million	(b) Equity Scenario - RM490.71 million , based on the 5-day VWAP of EATECH Shares up to and including the LPD of RM0.37 and the enlarged share capital of EATECH of 1.33 billion EATECH Shares.
D :	Market value of EATECH's debt as follows:
(a) RM127.76 million	(a) As at the LPD / Equity Scenario - RM127.76 million , based on the EATECH Group's audited interest-bearing debts as at 31 December 2023. We have obtained confirmation from the management of EATECH that no interest charges was imposed on the amounts owing to EATECH's immediate, intermediate and ultimate holding companies, related companies, other shareholders (including Sindora) and scheme creditors pursuant to the SOA during FYE 31 December 2023.
(b) RM207.34 million	(b) Debt Scenario - RM207.34 million , based on the EATECH Group's audited interest-bearing debts as at 31 December 2023 of RM127.76 million and assuming an additional debt financing of RM79.58 million (equivalent to total proceeds expected from the Proposed Shares Issuance).
k_e :	The rate of return required by the equity investors of EATECH to compensate for the risks undertaken by their investment in EATECH as at the LPD, which is derived based on following formula of Capital Asset Pricing Model:

$$k_e = R_f + \beta (R_m - R_f)$$

and taking into consideration the parameters set out as follows:

Component	Description	
<i>k_e</i> : (cont'd)	Parameters	Description
<u>As at the LPD</u> 10.73%	(a) Risk free rate (<i>R_f</i>): 3.90%	Risk free rate is the expected rate of return from a risk-free asset. The yield of 10-year Malaysian Government Securities as at the LPD of 3.90% was adopted as proxy of the risk free rate. We are of the opinion the 10-year Malaysian Government Securities as the proxy of the risk free rate is justifiable as it is a long-term bond issued by the Government of Malaysia denominated in Ringgit Malaysia and widely referenced to as risk free rate.
<u>Equity Scenario</u> 9.37%		
<u>Debt Scenario</u> 12.14%	(b) Beta (<i>β</i>): <u>As at the LPD</u> 1.13 times <u>Equity Scenario</u> 0.91 times <u>Debt Scenario</u> 1.37 times	<p>Beta is the sensitivity of an asset's returns to the changes in the market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and vice versa.</p> <p>We have identified 3 Comparable Companies listed on Bursa Securities and involved in the provision of vessel charter hire and related services which we presently consider to be most similar and relevant to the EATECH Group after applying the selection criteria as follows:</p> <p>(i) Market capitalisation of up to RM600 million taking into consideration the market capitalisation of EATECH as at the LPD of RM169.76 million; and</p> <p>(ii) Principal activities are at least 70% in the provision of vessel charter hire and related services based on the latest audited consolidated revenue of the respective selected Comparable Companies.</p>

For information purposes, the market capitalisation and historical 5-year unlevered beta up to the LPD of the Comparable Companies are as follows:

Comparable Companies	Market capitalisation as at the LPD	5-Year unlevered beta up to the LPD
	RM'million	times
Icon Offshore Bhd	485.34	0.85
Marine & General Bhd	202.69	0.25
Sealink International Bhd	115.00	1.17
Average		0.76

(Source: Bloomberg and announcements of respective companies)

The selection may not be identical or directly comparable to the EATECH Group in terms of the size of the company, the type of all business activities, the scale of operations, the geographical and market coverage, the track record, the future prospects, the asset base as well as the business risks. Nonetheless, the selected Comparable Companies are

Component	Description															
k_e : (cont'd)	<p>companies involved in the provision of vessel charter hire and related services in general and serve as an acceptable basis for the purpose of estimating average unlevered beta of the industry.</p> <p>We have re-levered the average historical 5-year unlevered beta up to the LPD of 0.76 times of selected Comparable Companies listed on Bursa Securities based on the capital structure of the EATECH Group under respective scenarios and adopted the re-levered industry beta as the beta of EATECH as at the LPD as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Scenarios</th> <th style="text-align: center;">Debt-to-equity ratio</th> <th style="text-align: center;">Re-levered β of EATECH</th> </tr> <tr> <td></td> <th style="text-align: center;">times</th> <th style="text-align: center;">times</th> </tr> </thead> <tbody> <tr> <td>As at the LPD</td> <td style="text-align: center;">0.65</td> <td style="text-align: center;">1.13</td> </tr> <tr> <td>Equity Scenario</td> <td style="text-align: center;">0.26</td> <td style="text-align: center;">0.91</td> </tr> <tr> <td>Debt Scenario</td> <td style="text-align: center;">1.06</td> <td style="text-align: center;">1.37</td> </tr> </tbody> </table>	Scenarios	Debt-to-equity ratio	Re-levered β of EATECH		times	times	As at the LPD	0.65	1.13	Equity Scenario	0.26	0.91	Debt Scenario	1.06	1.37
Scenarios	Debt-to-equity ratio	Re-levered β of EATECH														
	times	times														
As at the LPD	0.65	1.13														
Equity Scenario	0.26	0.91														
Debt Scenario	1.06	1.37														
(c) Expected market return (R_m): 9.92%	<p>Expected market return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.</p> <p>We have adopted the expected market return based on the internal rate of return, weighted by the market capitalisation of each index member of the FTSE Bursa Malaysia Top 100 Index, which is a forward-looking estimate. As extracted from Bloomberg, the expected market return for the FTSE Bursa Malaysia Top 100 Index, which is mainly based on the dividend discount model, is 9.92% on the LPD.</p> <p>The rate of return required by the equity investors of EATECH, k_e as at the LPD under respective scenarios after taking into consideration of the R_f, β and R_m discussed above are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Scenarios</th> <th style="text-align: center;">k_e</th> </tr> </thead> <tbody> <tr> <td>As at the LPD</td> <td style="text-align: center;">10.73%</td> </tr> <tr> <td>Equity Scenario</td> <td style="text-align: center;">9.37%</td> </tr> <tr> <td>Debt Scenario</td> <td style="text-align: center;">12.14%</td> </tr> </tbody> </table>	Scenarios	k_e	As at the LPD	10.73%	Equity Scenario	9.37%	Debt Scenario	12.14%							
Scenarios	k_e															
As at the LPD	10.73%															
Equity Scenario	9.37%															
Debt Scenario	12.14%															
k_d : 6.68%	<p>The cost of current financing facilities utilised by the EATECH Group as at the LPD is based on the average base lending rate across commercial banking institutions for March 2024 of 6.68% as extracted from the website of the Bank Negara Malaysia. (source: www.bnm.gov.my)</p>															
t : 24%	<p>The corporate tax rate, being the latest statutory tax rate of 24%.</p>															

For illustration purposes, the WACC and gearing of the EATECH Group as at the LPD after taking into account of the abovementioned pro forma changes are set out below:

Scenarios	WACC	Gearing
	%	times
As at the LPD	8.50%	2.22
Equity Scenario	8.48%	0.49
Debt Scenario	8.51%	1.12

As illustrated in the Equity Scenario above, WACC of the EATECH Group decreases by 0.02% from 8.50% to 8.48%. Furthermore, the pro forma NA of the EATECH Group, based on the financial position as at the FYE 31 December 2023 will increase from RM57.45 million to up to RM261.57 million and hence, the gearing of the Group on a proforma basis, will improve from 2.22 times to 0.49 times.

For comparison purposes, should EATECH utilise debt to raise RM79.58 million (equivalent to the total proceeds expected from the Proposed Shares Issuance) as illustrated in the Debt Scenario above, the WACC of the EATECH Group would increase from 8.50% to 8.51%. Additionally, gearing ratio would decrease from 2.22 times to 1.12 times under the Debt Scenario.

Premised on the above, we are of the view that the Proposed Shares Issuance is appropriate for the EATECH Group due to the following:

- (a) The gearing ratio of the EATECH Group is expected to improve from 2.22 times to 0.49 times under the Equity Scenario, which is lower than 1.12 times under the Debt Scenario. A lower gearing ratio will provide EATECH more room to secure additional financing facilities to support its operations;
- (b) Furthermore, if the Group opts for debt funding, EATECH would have to bear additional cash outflows to service its loan repayments as well as interest payments. For illustrative purposes, an additional borrowing of RM79.58 million would result in an additional interest expense to the Group of approximately RM5.32 million per annum based on the pre-tax cost of debt of approximately 6.68% (which is the average base lending rate across commercial banking institutions for March 2024);

Conversely, raising the required funds via the equity route would alleviate EATECH from shouldering additional loan repayments as well as interest payments, which would otherwise weigh on its profits;

- (c) We further note from **Section 4.6 of Part A** of the Circular that EATECH had not been successful in obtaining additional funding from financial institutions since being categorised under PN17; and
- (d) The WACC under the Equity Scenario would decrease by 0.02% from 8.50% to 8.48%. In addition, the Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan and is necessary to address the PN17 status of EATECH. The Proposed Shares Issuance provides a clear path to meet EATECH's funding requirements on a timely manner.

Premised on the above, we are of the view that the Proposed Shares Issuance has its merits.

6.3. Rationale for the Proposed Exemption

As mentioned in **Section 4.2, Part A** of the Circular, upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via VSB as VSB will hold a total of 676,387,500 EATECH Shares, representing 51.0% of the total enlarged number of issued shares in EATECH. Accordingly, Datuk Wira Mubarak and VSB will be obliged to extend a MGO for all the remaining EATECH Shares not owned by Datuk Wira Mubarak, VSB and persons acting in concert with them pursuant to subsection 218(2) of the CMSA and paragraph 4.01 of the Rules.

As Datuk Wira Mubarak and VSB do not intend to undertake the MGO, the Proposed Exemption will allow them to be exempted from the obligation to undertake the MGO.

As the Proposed Shares Issuance and the Proposed Exemption are inter-conditional upon each other, the Proposed Exemption is necessary for the successful completion of the Proposed Shares Issuance.

Our comments are as follows:

Pursuant to the Proposed Shares Issuance, the individual and/or collective shareholdings (direct and indirect) of Datuk Wira Mubarak, VSB and their PAC in EATECH will increase to more than 33% and hence, trigger a MGO requirement. However, Datuk Wira Mubarak and VSB do not intend to undertake any MGO for the balance shares of the Company not owned by them and their PAC on completion of the Proposed Shares Issuance. We note that Datuk Wira Mubarak, VSB and their PAC have declared and confirmed that they have not acquired any direct or indirect interest in the voting shares and voting rights of EATECH during the past 6 months.

We note further that the Proposed Exemption on a standalone basis has no effects on the Company. It is subject to the approvals of the Non-Interested Shareholders and SC as outlined in **Section 1** of this IAL.

Given that the Proposed Shares Issuance and the Proposed Exemption are inter-conditional and they form an integral part of the Proposed Regularisation Plan, the Proposed Exemption is essential to facilitate the successful implementation of the Proposed Shares Issuance. The Company is expected to be able to realise the potential benefits highlighted in **Sections 6.1** and **6.2** above. Nonetheless, there is no certainty on the actual realisation of such benefits which depends on the success of the plan and utilisation of proceeds to support of the Group's activities as envisaged by the Company, barring unforeseen circumstances.

The Proposed Regularisation Plan is expected to lead to the upliftment of PN17 status and final settlement to the creditors under the SOA as it will raise total cash of RM79.58 million for the said repayment of creditors, for working capital purposes as well as strengthen the financial position and capital base of EATECH.

Without the Proposed Exemption, the Company will not be able to implement the Proposed Regularisation Plan nor reap its expected benefits. There is no assurance that it will be able to arrive at an alternative plan within the requisite time frame, pending which it may face the risk of suspension or delisting of its shares from Bursa Securities and legal action from its creditors. The Group would have to strive to seek and formulate other regularisation plans within an increasingly tight time frame and environment of prolonged PN17 status. Alternative funding avenues would be challenging and limited pending resolution of the Group's weak gearing and cashflow position.

Notwithstanding the dilution in shareholdings if the Proposed Exemption is approved and the Proposed Regularisation Plan is implemented, Non-Interested Shareholders will have greater certainty that the EATECH Shares will continue to be listed and traded. Post-restructuring, the said shareholders would have the opportunity to participate in the Group's anticipated turn around and future profitability following the improvement to its financial position and anticipated exit from PN17 status.

Taking into consideration the above, we are of the view that the rationale of the Proposed Exemption is justifiable.

6.4. Rationale for the Proposed ESS

We note from **Section 4.3 of Part A** of the Circular, inter-alia, that *the Company believes it is important to continue to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of the EATECH Group, especially Directors and employees who are working towards regularisation of the EATECH Group's operations and financial condition and the upliftment of EATECH from its PN 17 status. In implementing the Proposed ESS to facilitate the alignment of the Participants' interest with that of the Group to ensure that the Group's financial condition is regularised, the ESS Committee will take into consideration setting vesting conditions including, amongst others, financial targets, qualitative measures and minimum vesting periods.*

Our comments are as follows:

We note that the Proposed ESS is intended to motivate, incentivise and reward its employees and also to align the interests of the Eligible Persons with the corporate goals of the EATECH Group, especially Directors and employees who are working towards regularisation of the EATECH Group's operations and financial condition and the upliftment of EATECH from its PN17 status.

The Proposed ESS will ease the Company's cash flows and reduce the burden of staff expenses on the Company as the Directors and employees can be paid in the form of securities instead of cash. The remuneration to be awarded under the Proposed ESS will also be a longer term incentive and may augur well for the Company's staff retention rate.

6.5. Evaluation of the Subscription Price

As set out in **Section 2.1.3 of Part A** of the Circular, *the Subscription Price of RM0.10 per Subscription Share was negotiated and determined by the Company after taking into consideration the following:*

- (i) the immediate funding requirements of the Group to fund the purposes set out in **Section 3** of Part A of the Circular;*
- (ii) EATECH's unaudited consolidated NA of RM52.8 million and NA per Share of RM0.10 as at 30 June 2023, being the latest financial results announced by EATECH prior to the Subscription Agreements being entered into;*
- (iii) the 5-day VWAP of EATECH Shares up to LTD of RM0.3259; and*
- (iv) the closing market price of EATECH Shares at RM0.07 each on 24 February 2022, being the last trading day prior to the Company's first announcement of PN17.*

The Subscription Price represents a discount to the historical VWAP of EATECH Shares up to and including LTD and LPD as follows:

	VWAP	(Discount) / Premium	
	RM	RM	%
<i>VWAP up to and including LTD:</i>			
<i>5-day</i>	0.3259	0.2259	(69.3)
<i>1-month</i>	0.3160	0.2160	(68.4)
<i>3-month</i>	0.2669	0.1669	(62.5)
<i>6-month</i>	0.2382	0.1382	(58.0)
<i>12-month</i>	0.2354	0.1354	(57.5)
<i>VWAP up to and including LPD:</i>			
<i>5-day</i>	0.3700	(0.2700)	(73.0)
<i>1-month</i>	0.3580	(0.2580)	(72.1)
<i>3-month</i>	0.3369	(0.2369)	(70.3)
<i>6-month</i>	0.3190	(0.2190)	(68.7)
<i>12-month</i>	0.2846	(0.1846)	(64.9)
	Traded Price	(Discount) / Premium	
	RM	RM	%
<i>Since 25 February 2022 up to LPD</i>			
<i>- Highest (23 May 2024)</i>	0.4100	(0.3100)	(75.6)
<i>- Lowest (23 June 2022)</i>	0.0250	0.0750	300.0
<i>- Average</i>	0.1850	(0.0850)	(45.9)

The Board takes cognisance that, notwithstanding the discount of between 57.5% to 75.6%, over the aforementioned historical prices of EATECH Shares, the Subscription Price is reasonable premised on the following:

- (i) It enables EATECH to procure the interest and commitment of the Subscribers, in particular VSB, as well as to ensure that EATECH will be able to raise the proceeds for the purposes as set out in **Section 3 of Part A** of the Circular;
- (ii) Potential investors are wary of investing in a PN17 entity and any such investors should be sophisticated investors which are aware of the risk of investing in EATECH. For information, VSB is deemed a sophisticated investor by virtue of its shareholders, i.e. Datuk Wira Mubarak and Dato' Lai, both of whom are high-net worth individuals as prescribed under subsection 16(a) of Schedule 6 and subsection 16(a) of Schedule 7 of the CMSA;
- (iii) The Subscription Price represents a discount of less than 10% to the audited NA of the EATECH Group as at 31 December 2023 of RM0.11 (i.e. discount of 9.1%);
- (iv) The Subscription Price is at a premium to the last traded price of EATECH Shares of RM0.07 each on 24 February 2022, being the last trading day prior to the Company's first announcement of PN17; and
- (v) The Subscription Price by the Subscribers allows EATECH to raise the highest amount of funds as compared to all offers received by EATECH from interested investors to date.

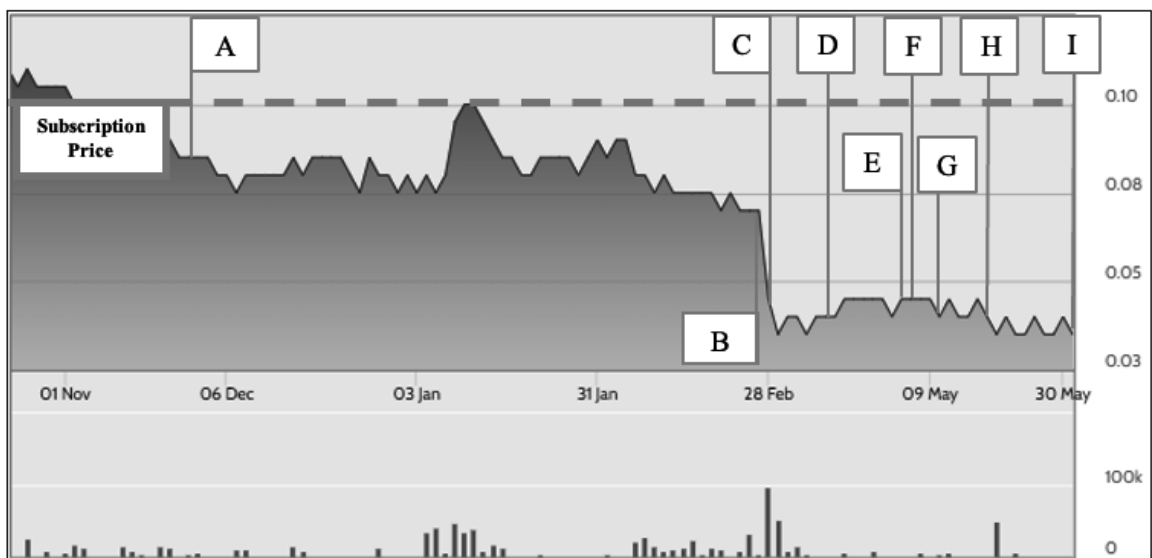
We have evaluated the Subscription Price as follows:

- (i) The Company was classified as an affected listed issuer under the PN17 following its announcement dated 25 February 2022 on triggering the prescribed criteria pursuant to paragraph 2.1(e) of PN17. On 28 February 2022, the Company announced that it had triggered the prescribed criteria pursuant to paragraph 2.1(a) of Practice Note 17 of the Listing Requirements. Subsequent thereto, EATECH further triggered paragraph 2.1(d) of PN17 as the Group’s external auditors at the material time, EY had expressed a disclaimer of opinion on the financial statements of the Group and of the Company for the year ended 31 December 2021.

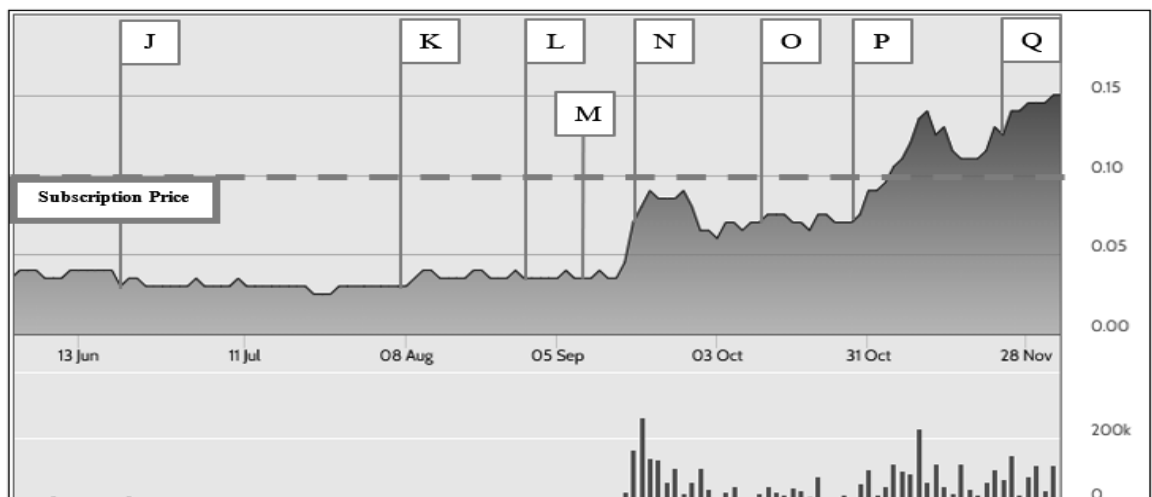
In addition, EATECH had on 28 February 2022 announced that the Company had obtained from the High Court a Restraining Order pursuant to subsection 368(1) of the Act and an order to convene a creditors’ Court Convened Meeting pursuant to subsection 366(1) of the Act, as part of EATECH’s overall restructuring and rehabilitation plan by way of a SOA with its creditors.

Consequently, we have taken into consideration the movement of the closing market prices of EATECH Shares on the Main Market of Bursa Securities for the past 24 months up to the LTD and until the LPD shown in the ensuing charts:

1 November 2021 – 31 May 2022:



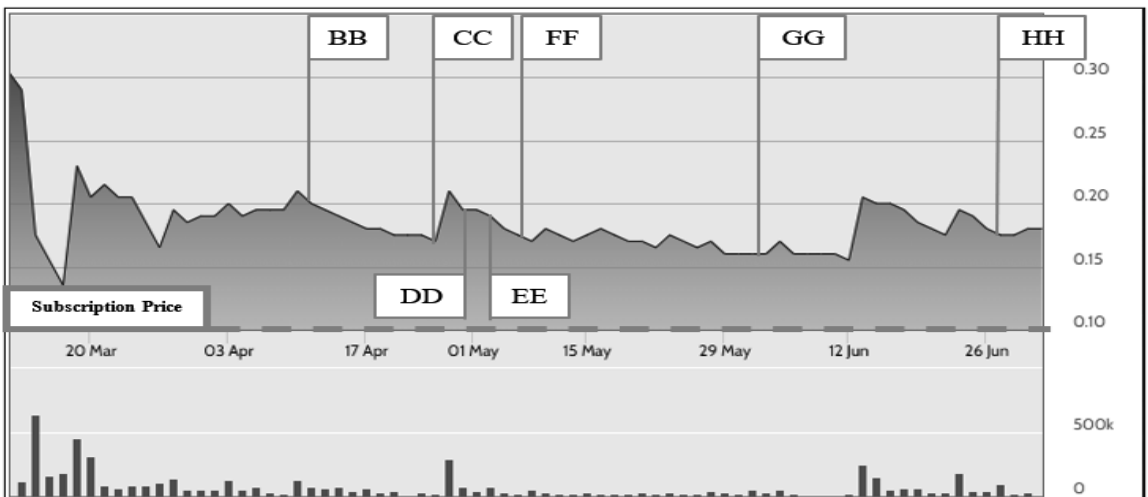
1 June 2022 – 30 November 2022:



1 December 2022 – 31 March 2023:



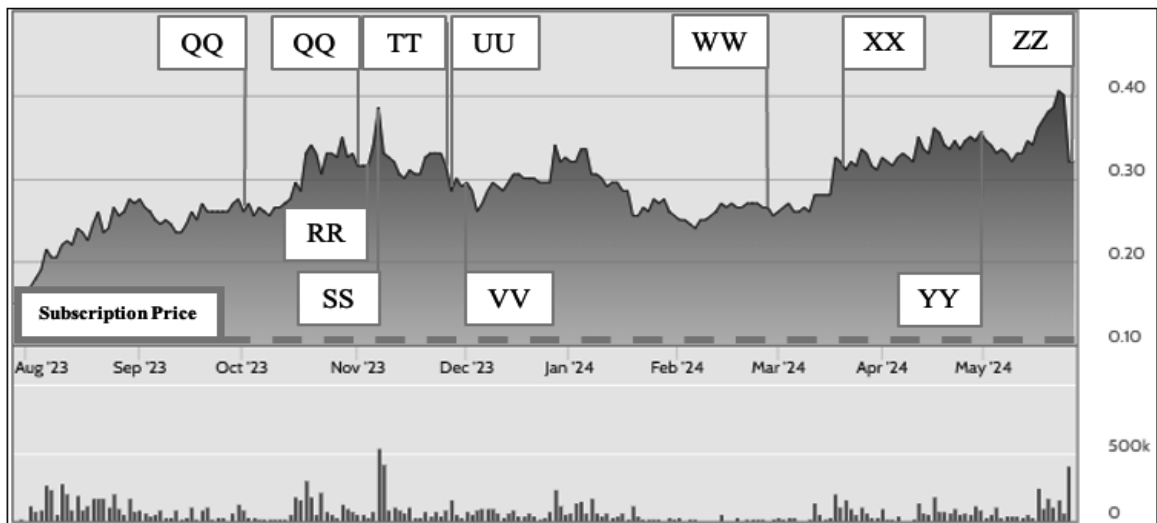
1 April 2023 – 30 June 2023:



1 July 2023 – 30 September 2023



1 October 2023 – LPD



(Source : www.bursamalaysia.com)

Note:

— = Subscription Price of RM0.10

The Company is not aware of any significant events which may have a material effect on the market prices of EATECH Shares during the period under review, save as disclosed in the table below:

Annotation	Date of announcement	Significant event
A	29 November 2021	Announcement of the unaudited 3 rd quarter financial results for the FPE 30 September 2021 in which the EATECH Group recorded a lower cumulative basic LPS of 8.55 sen as compared to cumulative basic LPS of 12.41 sen in the preceding corresponding financial period.
B	25 February 2022	Announcements of: (i) the unaudited 4 th quarter financial results for the FPE 31 December 2021 in which the EATECH Group recorded a higher cumulative basic LPS of 28.60 sen as compared to cumulative basic LPS of 21.86 sen in the preceding corresponding financial period; and (ii) the Company was classified as an affected listed issuer under PN17 of the Listing Requirements.
C	28 February 2022	Announcements of: (i) the Company triggering paragraph 2.1(a) of PN17 of the Listing Requirements in addition to paragraph 2.1(e) of PN17 of Listing Requirements; and (ii) the Company had obtained from the High Court a Restraining Order and an order to convene a creditors' Court Convened Meeting pursuant to subsection 366(1) of the Act, as part of EATECH's overall restructuring and rehabilitation plan by way of a SOA with its creditors.

Annotation	Date of announcement	Significant event
D	18 April 2022	Announcement of the proposed renewal of authority for the Company to purchase its own Shares of up to 10% of its share capital.
E	29 April 2022	Announcements of Annual Report and annual audited accounts of EATECH for the FYE 31 December 2021.
F	5 May 2022	Announcement of amended Annual Report of EATECH for the FYE 31 December 2021.
G	10 May 2022	Announcement of the proposed disposal of a vessel, namely Nautica Renggam for a total cash consideration of USD5.05 million or approximately RM21.39 million.
H	18 May 2022	Announcement that the Company's external auditors had expressed a disclaimer of opinion on the Company's audited financial statements for the FYE 31 December 2021.
I	31 May 2022	Announcement of the unaudited 1 st quarter financial results for the FPE 31 March 2022 in which the EATECH Group recorded a lower cumulative basic LPS of 0.87 sen as compared to cumulative basic LPS of 4.88 sen in the preceding corresponding financial period.
J	20 June 2022	Announcement of the proposed disposal of a vessel, namely Nautica Kota Tinggi for a total cash consideration of USD4.65 million approximately RM20.55 million.
K	5 August 2022	Announcement of shareholders' approval for the proposed disposal of vessels, namely Nautica Kota Tinggi, Nautica Maharani and Nautica Muar for a total cash consideration of USD4.65 million (RM20.69 million), at least USD4.00 million (RM17.80 million) and at least USD4.86 million (RM21.64 million) respectively.
L	29 August 2022	Announcement of the unaudited 2 nd quarter financial results for the FPE 30 June 2022 in which the EATECH Group recorded a lower cumulative basic LPS of 1.62 sen as compared to cumulative basic LPS of 5.31 sen in the preceding corresponding financial period.
M	8 September 2022	Announcement of the proposed acquisition of a new tugboat for a cash consideration of USD3.75 million or approximately RM16.72 million (" Proposed Tugboat Acquisition ").
N	19 September 2022	Announcement of the disposal of a vessel, namely Nautica Maharani for a cash consideration of USD4.20 million or approximately RM18.69 million.

Annotation	Date of announcement	Significant event
O	11 October 2022	Announcement of the completion of the disposal of a marine vessel, namely Nautica Maharani.
P	27 October 2022	Announcements of the letters of award for the provision of tugboat services and emergency standby vessel services amounting to a contract sum of RM41.06 million and RM12.7 million respectively.
Q	23 November 2022	Announcement of the unaudited 3 rd quarter financial results for the FPE 30 September 2022 in which the EATECH Group recorded a lower cumulative basic LPS of 0.55 sen as compared to cumulative basic LPS of 8.55 sen in the preceding corresponding financial period.
R	5 December 2022	Announcement that the proposed SOA presented in the creditors' Court Convened Meeting has been approved by the requisite majority in value of the creditors present and voting at the court-convened meeting.
S	4 January 2023	Announcement that the Company had obtained from the High Court the order pursuant to section 366 of the Act to sanction the SOA.
T	12 January 2023	Announcements of: (i) the completion of the Proposed Tugboat Acquisition; and (ii) the SOA had taken effect on even date.
U	9 February 2023	Announcement of the submission of an application for an extension of time up to 24 August 2023 for EATECH to submit its regularisation plan.
V	21 February 2023	Announcement that the Company was in discussion with a party who may subscribe for new securities in the Company which may result in the party obtaining a controlling stake in the Company.
W	27 February 2023	Announcement of the unaudited 4 th quarter financial results for the FPE 31 December 2022 in which the EATECH Group recorded a cumulative basic EPS of 3.78 sen as compared to cumulative basic LPS of 28.40 sen in the preceding corresponding financial period.
X	2 March 2023	Announcement that Bursa Securities had vide its letter dated 2 March 2023 resolved to grant the Company an extension of time of 6 months up to 24 August 2023 to submit a regularisation plan to the regulatory authorities.
Y	9 March 2023	Announcement of the disposal of a vessel, namely Nautica Muar for a cash consideration of USD5.20 million or approximately RM23.52 million (" NMR Disposal ").

Annotation	Date of announcement	Significant event
Z	13 March 2023	Announcements of: <ul style="list-style-type: none"> (i) the annual audited accounts for the FYE 31 December 2022; (ii) the Company’s external auditors had expressed an unqualified audit opinion with a material uncertainty related to going concern in the Company’s audited financial statements for the FYE 31 December 2022; and (iii) a regularisation plan which comprised proposals on share consolidation and share issuance (“Initial Regularisation Plan”).
AA	17 March 2023	Announcement of the submission of the Initial Regularisation Plan to Bursa Securities.
BB	11 April 2023	Announcements of: <ul style="list-style-type: none"> (i) the revision of the Initial Regularisation Plan to include proposals relating to mandatory take-over offer and private placement; and (ii) the proposed renewal of authority for the Company to purchase its own Shares of up to 10% of its share capital.
CC	26 April 2023	Announcement of the submission of revised Initial Regularisation Plan to Bursa Securities.
DD	28 April 2023	Announcement of Annual Report of EATECH for the FYE 31 December 2022.
EE	3 May 2023	Announcement of the termination of memorandum of agreement dated 9 March 2023 for the NMR Disposal.
FF	8 May 2023	Announcement of the amended Annual Report of EATECH for the FYE 31 December 2022.
GG	31 May 2023	Announcement of the unaudited 1 st quarter financial results for the FPE 31 March 2023 in which the EATECH Group recorded a cumulative basic EPS of 1.41 sen as compared to cumulative basic LPS of 0.87 sen in the preceding corresponding financial period.
HH	27 June 2023	Announcements of: <ul style="list-style-type: none"> (i) the proposed disposal of a vessel, namely Nautica Muar for a cash consideration of USD6.045 million or approximately RM27.89 million and seeking shareholders’ approval for the proposed disposal of a marine vessel, namely FOIS Nautica Tembikai for a cash consideration of at least USD6.05 million or approximately RM27.92 million (“Proposed NTI Disposal”); and

Annotation	Date of announcement	Significant event
		(ii) EATECH had served Vestigo Petroleum Sdn Bhd (“VPSB”) a notice of arbitration dated 27 June 2023. EATECH will commence arbitration against VPSB in relation to a dispute arising out of a contract entered into between the Company and VPSB for the lease of a vessel, namely Nautica Muar.
II	13 July 2023	Announcement of the deferment of the Proposed NTI Disposal and not proceed with seeking shareholders’ approval for the Proposed NTI Disposal at the forthcoming EGM to be convened.
JJ	24 July 2023	Announcement of the withdrawal of the regularisation plan application submitted to Bursa Securities on 26 April 2023 pursuant to the termination the subscription agreements for the proposed shares issuance (part of the revised Initial Regularisation Plan).
KK	1 August 2023	Announcement that the Company will engage in discussions with potential investors and will submit a new regularisation plan application to Bursa Securities.
LL	4 August 2023	Announcement of the award of two contracts by Sungai Udang Port Sdn Bhd (“SUPSB”) via letter of award dated 27 July 2023 for the provision and operation of a unit of 25 tonnes bollard pull utility tug and a unit of 40 tonnes bollard pull utility tug for SUPSB.
MM	16 August 2023	Announcement that the Company had served VPSB a writ and statement of claim dated 15 August 2023. EATECH will commence a High Court civil suit in Kuala Lumpur against VPSB in relation to a dispute arising out of and in relation to a contract for ship management services dated 28 February 2020, entered into between the Company and VPSB.
NN	24 August 2023	Announcement of the unaudited 2 nd quarter financial results for the FPE 30 June 2023 in which the EATECH Group recorded a cumulative basic EPS of 2.88 sen as compared to cumulative basic LPS of 1.62 sen in the preceding corresponding financial period.
OO	4 September 2023	Announcement that Bursa Securities had vide its letter dated 4 September 2023 resolved to grant the Company an extension of time of 6 months up to 23 February 2024 to submit a regularisation plan to the regulatory authorities.
PP	19 September 2023	Announcement of the completion of the NMR Disposal.
QQ	2 October 2023 and 1 November 2023	Announcements that the Company is still engaged in discussions with potential investors and will submit a new regularisation plan application to Bursa Securities in due course.

Annotation	Date of announcement	Significant event
RR	3 November 2023	Announcement of EATECH was awarded a contract extension by Northport (Malaysia) Bhd via a letter of extension dated 30 October 2023 for the term contract to operate and charter two z-peller harbour tug boats.
SS	7 November 2023	Announcement of the Proposed Regularisation Plan.
TT	27 November 2023	Announcement of the unaudited 3 rd quarter financial results for the FPE 30 September 2023 in which the EATECH Group recorded a cumulative basic EPS of 3.85 sen as compared to cumulative basic LPS of 0.55 sen in the preceding corresponding financial period.
UU	28 November 2023	Announcement of EATECH was awarded a contract extension by Petroleum Nasional Berhad via a letter of extension dated 7 November 2023 for the term contract for supply and operation of three harbour tugs.
VV	1 December 2023	Updated announcement of the Proposed Regularisation Plan whereby EATECH and the Subscribers had entered into the Supplemental Agreements to revise the subscription price of the Subscription Shares from RM0.09 to RM0.10 each.
WW	28 February 2024	Announcement of the unaudited 4 th quarter financial results for the FPE 31 December 2023 in which the EATECH Group recorded a higher cumulative basic EPS of 4.47 sen as compared to cumulative basic EPS of 3.07 sen in the preceding corresponding financial period.
XX	19 March 2024	Announcements of: (i) the annual audited accounts for the FYE 31 December 2023; and (ii) the Company's external auditors had expressed an unqualified audit opinion with a material uncertainty related to going concern in the Company's audited financial statements for the FYE 31 December 2023.
YY	30 April 2024	Announcement of the Annual Report of EATECH for the FYE 31 December 2023.
ZZ	27 May 2024	Announcement of the unaudited 1 st quarter financial results for the FPE 31 March 2024 in which the EATECH Group recorded a lower cumulative basic EPS of 1.30 sen as compared to cumulative basic EPS of 1.41 sen in the preceding corresponding financial period.

(Source: Announcements of EATECH on the website of Bursa Securities)

Premised on the above, we note that the Subscription Price is within the range of closing market prices of the Shares over the past 24 months prior to the LTD and up to the LPD of between RM0.025 to RM0.405.

Non-Interested Shareholders should note that the historical market prices may not be an indication of future market price performance of EATECH Shares as it may be influenced by, amongst others, the performance and prospects of the EATECH Group, prevailing market conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors.

- (ii) The Subscription Price represents a range of discounts from 57.52% to 70.59% as well as from 64.86% to 72.97% to the last closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the EATECH Shares up to the LTD and LPD respectively, as detailed in **Section 2.1.3 of Part A** of the Circular, as follows:

	Closing market price/ VWAP	Discount of the Subscription Price to the closing market price / VWAP	
	RM	RM	%
<u>Up to and including the LTD</u>			
Closing market price	0.3400	0.2400	70.59
5-day VWAP	0.3259	0.2259	69.32
1-month VWAP	0.3160	0.2160	68.35
3-month VWAP	0.2669	0.1669	62.53
6-month VWAP	0.2382	0.1382	58.02
12-month VWAP	0.2354	0.1354	57.52
<u>Up to and including the LPD</u>			
Closing market price	0.3200	0.2200	68.75
5-day VWAP	0.3700	0.2700	72.97
1-month VWAP	0.3580	0.2580	72.07
3-month VWAP	0.3369	0.2369	70.32
6-month VWAP	0.3190	0.2190	68.65
12-month VWAP	0.2846	0.1846	64.86

In view that EATECH is a PN17 category company, which has a higher risk profile, potential investors for the Proposed Shares Issuance would require a significant discount to market price, which is trading at a much higher price-to-book multiple relative to its peers. For information purposes, the trading P/B Multiple of EATECH of 2.95 times (based on the closing market price per Share as at LPD and the latest available consolidated NA of EATECH as at 31 December 2023), is above the audited industry P/B Multiples ranging from 0.53 times to 2.59 times, as illustrated in (iii) below.

- (iii) The Subscription Price represents a discount of 9.09% and a premium of 42.86% to the audited NA per EATECH Share as at the FYE 31 December 2023 and FYE 31 December 2022 (which was the latest available at the time of entering into the Supplemental Agreements) respectively as detailed below:

	NA per EATECH Share	Premium/(Discount) of the Subscription Price to the NA per EATECH Share	
	RM	RM	%
Audited FYE 31 December 2023	0.11	(0.01)	(9.09)
Audited FYE 31 December 2022	0.07	0.03	42.86

We note that the Proposed Shares Issuance with the subscription price of RM0.10 per Subscription Share would have a marginal dilutive impact on the audited consolidated NA per Share as at 31 December 2023.

Pursuant thereto, we have undertaken a comparable company analysis of the implied P/B Multiple of the Company based on the Subscription Price against the range of the trading P/B Multiple established by the Comparable Companies detailed in **Section 6.2 (iv)** above. The P/B Multiple of the Comparable Companies based on respective closing share prices as at the LPD and the latest Annual Reports are as follows:

Comparable Companies	Market capitalisation[@]	Revenue contribution^β	Audited NA per share^α	P/B Multiple[@]
	RM'mil	%	RM	times
Icon Offshore Berhad ⁽¹⁾	485.34	95.22%	0.56	1.41
Sealink International Berhad ⁽²⁾	115.00	93.75%	0.43	0.53
Marine & General Berhad ⁽³⁾	202.69	73.26%	0.11	2.59
Low				0.53
High				2.59
<u>Implied P/B Multiple[~] of EATECH</u> (based on the Subscription Price)				
Audited FYE 31 December 2023				0.91

Notes:

[@] Computed based on closing prices and number of outstanding shares as at LPD as extracted from Bloomberg and announcements as well as the NA extracted from the latest financial statements of the respective Comparable Companies.

^β Percentage of revenue contribution from the provision of vessel charter hire and related services.

^α Computed based on NA extracted from the latest financial statements and the number of outstanding issued shares as at the LPD of respective Comparable Companies.

(1) Icon Offshore Berhad is principally engaged in the vessel and drilling rig owning/leasing activities, provision of drilling rig as well as provision of vessel chartering and ship management services to oil and gas related industries.

(2) Sealink International Berhad is principally engaged in the chartering of vessels, shipbuildings and others.

(3) Marine & General Berhad is principally engaged in the investment holdings as well as the provision of offshore marine support services, marine logistics services and tanker management services.

[~] Based on the Subscription Price and the latest audited consolidated NA of EATECH.

(Sources: Bloomberg, the latest Annual Reports and announcements of the respective companies)

Based on the table above, the implied P/B Multiple of EATECH based on the Subscription Price and the audited consolidated NA of EATECH of 0.91 times is within the trading P/B Multiple range of 0.53 times to 2.59 times computed based on the latest audited consolidated NA of respective Comparable Companies.

We have adopted an asset-based approach (i.e. P/B Multiple) to evaluate the Subscription Price as EATECH is an asset intensive company. We note that the EATECH Group's total assets as at 31 December 2023 mainly comprise property, vessels and equipment, followed by trade, other receivables and subsequently deposits, cash and cash equivalents. The property, vessels and equipment account for 81.16% of total assets and mainly comprises vessels. The vessels are long term in nature and are predominantly used to generate earnings associated with the EATECH Group's chartering activities. Therefore, an asset-based approach would be suitable to reflect the value of EATECH.

We have considered and are of the view that an income-based approach (i.e. P/E Multiple) is not suitable as EATECH's earnings have fluctuated in the past financial years and are presently impacted by the SOA whereby all interest arising from any claim under the SOA shall be waived. In addition, there is no interest being charged presently for the substantial amount of shareholders' advances provided prior to its PN17 classification pending regularisation of the Group's financial position and completion of the SOA. We also observe that the recent profitability of some Comparable Companies have been fluctuating as well, and sometimes loss-making or relatively low, thereby creating inconsistent and/or anomalous P/E Multiples.

Our comments:

Based on our evaluation, the Subscription Price is justifiable for a shares issuance exercise which forms an integral part of a regularisation plan involving a company classified under PN17 at the material time of this IAL, premised on the following:

- (i) Investment in the Subscription Shares involves higher risk given the existing PN17 condition of EATECH and taking into consideration its current financial position including, inter-alia, the following factors notwithstanding the Group's improved profitability in FYE 2023 compared to FYE 2022:
 - (a) Since the first announcement of its PN17 status on 25 February 2022, the Company's shares have traded in a wide range, with closing prices ranging from RM0.025 to RM0.405 – we note that the Subscription Price of RM0.10 lies within this range;
 - (b) Notwithstanding that the Company has entered into a scheme of arrangement with scheme creditors involving adjudicated debt of approximately RM259.4 million, settlement of the agreed return of approximately RM71.1 million requires asset disposals (completed on 19 September 2023) and the raising of funds via the issuance of Subscription Shares, i.e. final settlement for the SOA involves the impending completion of the Proposed Regularisation Plan;
 - (c) Gearing remains relatively high at 2.22 times based on the audited consolidated statement of financial position of the Company as at 31 December 2023 which limits the Group's fundraising avenues pending the completion of the Proposed Regularisation Plan and SOA and taking into consideration the PN17 status;
 - (d) External Auditors had expressed a material uncertainty related to going concern in relation to the audited financial statements of the Group and the Company for FYE 31 December 2023 in view that the Group's and the Company's current liabilities had exceeded current assets; and
 - (e) EATECH's major shareholder, Sindora, has had to extend financial support to the Company during this period amidst conditions of share price volatility, for example making a payment of RM44.3 million on behalf of EATECH after it had been classified as PN17 issuer;

- (ii) The Subscription Price:
 - (a) was determined on a negotiated basis, taking into consideration inter-alia, the premium of RM0.03 or 42.9% to the closing market price of RM0.07 per Share on 24 February 2022, being the last trading day prior to the Company's first PN17 announcement; and
 - (b) represents a premium to the audited NA of the EATECH Group as at 31 December 2022 of RM0.07 per Share (which was the latest available at the time of entering into the Supplemental Agreements) and is marginally lower than the audited NA of the EATECH Group as at 31 December 2023 of RM0.11 per Share;
- (iii) The Subscription Price represents an implied P/B Multiple of 0.91 times (based on the audited consolidated NA of EATECH) which is within the audited trading P/B Multiple range of 0.53 times to 2.59 times of Comparable Companies premised on our analysis above; and
- (iv) We note that from **Section 2.1.3 in Part A** of the Circular, the Subscription Price of RM0.10 allows the Company to raise the highest amount of funds of RM79.58 million as compared to all proposals received by EATECH from interested investors up to the LPD. For example, the previous offer by Tan Sri Rashid was for an effective offer price of RM0.0754 per Share while RM60 million proceeds was proposed to be raised from the regularisation plan withdrawn on 24 July 2023.

Premised on the above, we are of the view that the basis of arriving at the Subscription Price is justifiable.

6.6. Salient terms of the Subscription Agreements and the Supplemental Agreements

The salient terms of the Subscription Agreements and the Supplemental Agreements, as extracted from Appendix II of the Circular, are set out in the tables below. The salient terms in the Subscription Agreements executed by the Subscribers are the same, except for VSB, which include additional terms outlined in **Section B** below. The general salient terms of the Subscribers' Subscription Agreements (as amended by the Supplemental Agreements) are detailed in **Section A**.

A. Salient terms for the Subscription Agreements of the Subscribers (as amended by the Supplemental Agreements)

Salient terms of the Subscription Agreements (as amended by the Supplemental Agreements) of the Subscribers	Comments
<p><i>I. Subscription and Deposit</i></p> <p><i>In consideration of the Subscription Amount, and subject to the terms and conditions contained herein, the Company hereby agrees to issue and allot, and the Subscriber(s) hereby agrees to subscribe for the Subscription Shares at the Subscription Price ("Subscription").</i></p> <p><i>Subscription Amount means the amount payable by the Subscriber(s) in respect of the Subscription.</i></p> <p><i>Subscription Price means the agreed subscription RM0.10 only per Subscription Share.</i></p> <p><i>Subscription Shares means the number of new ordinary shares in EATECH to be subscribed by the Subscriber(s) in the number of shares stated in Section 2.1.1 of the Circular.</i></p>	<p>This clause sets out the intention of the Company to issue and allot, and the Subscribers to subscribe for up to 795,750,000 new Shares in EATECH at RM0.10 per Share. The Subscription Amount of RM79.6 million, will enable the Company to fulfill its planned fundraising exercise under the SOA and is an integral part of the Proposed Regularisation Plan. Accordingly, this term is justifiable.</p>

Salient terms of the Subscription Agreements (as amended by the Supplemental Agreements) of the Subscribers	Comments
<p>2. Conditions Precedent</p> <p>(i) <i>The Subscription is conditional upon the following conditions being satisfied within the Condition Period:</i></p> <p>(a) <i>the approval of Bursa Securities for the Regularisation Plan of the Company and all the proposals thereunder including the listing of and quotation for the Subscription Share;</i></p> <p>(b) <i>the approval of the shareholders of the Company (obtained in an extraordinary general meeting to be convened) for the Regularisation Plan and all the proposals thereunder;</i></p> <p>(c) <i>where applicable, the fulfilment of conditions precedent to the drawdown of the financing for the purposes of financing the Subscription;</i></p> <p>(d) <i>any approvals or consents and/or waiver as may be required to be obtained by the Subscriber(s) from any financier, other relevant governmental and/or regulatory authority or third party;</i></p> <p>(e) <i>any other approvals or consents and/or waiver as may be required to be obtained by the Company from any financier, relevant governmental and/or regulatory authority or third party; and</i></p> <p>(f) <i>there being no breach of representation, warranties, undertakings or covenants on the part of the Subscriber(s).</i></p> <p>Condition Period <i>means a period of 6 months from the date of the Subscription Agreement with an automatic extension of 3 additional months, or such other longer period as may be mutually agreed upon by the parties in writing.</i></p>	<p>This clause stipulates the necessary approvals and conditions to fulfill to give effect to the Proposed Shares Issuance. Accordingly, these conditions are justifiable.</p> <p>Nonetheless, if the aforesaid approvals are subject to Approval Condition, the Affected Party may notify the other party in writing of its objection to the Approval Condition, in which event such Condition Precedent shall be deemed not to have been fulfilled.</p> <p>As such, EATECH's interest in the Proposed Shares Issuance is safeguarded as EATECH will only implement the Proposed Shares Issuance on terms and conditions that are acceptable to the Company.</p> <p>We note that the Condition Period (based on the said 6 months and 3 additional months extension) is before the deadline for the completion of the SOA (i.e. 11 July 2024). Therefore, if all the necessary approvals are obtained and conditions fulfilled within the Condition Period, the Company and the Subscribers will be able to work towards the completion of the Subscription Agreements and repay the scheme creditors prior to the SOA deadline and implementation of the Proposed Regularisation Plan.</p>

Salient terms of the Subscription Agreements (as amended by the Supplemental Agreements) of the Subscribers	Comments
<p>(ii) <i>The parties undertake and covenant with each other to execute all documents, provide all information and do all acts and things and take all steps as may be necessary to secure the fulfillment of the Conditions Precedent as soon as practicable. Each party must promptly notify the other party in writing if it becomes aware that any of the Conditions Precedent is satisfied, not satisfied or cannot be satisfied and shall forward to the other party a copy of the relevant approvals or relevant documentary evidence thereof.</i></p> <p>(iii) <i>In the event that the Conditions Precedent are not fulfilled within the Condition Period, then this Agreement shall automatically be terminated unless the parties mutually agree to extend the Condition Period or to waive the requirement to fulfill the relevant condition(s) Precedent to the extent permissible by law.</i></p> <p>(iv) <i>Upon termination of this Agreement, the terms hereof shall no longer have effect and neither Party shall have any claim against the other save for any antecedent breach.</i></p> <p>(v) <i>In the event any of the consents, authorisations, approvals and waivers required to be obtained in order to fulfill the Conditions Precedent are obtained subject to any condition (“Approval Condition”) that may materially and adversely affect either of the parties (“Affected Party”), then the Affected Party shall, within five (5) business days of receipt of the notice of such Approval Condition, notify the other party in writing of its objection to the condition, in which event such Condition Precedent shall be deemed not to have been fulfilled. The Affected Party may also, within five (5) business days of receipt of notice of the Approval Condition, give written notice to the other party of its intention to appeal against any or all of the Approval Conditions PROVIDED THAT in the event that the Affected Party fails to notify the other party in writing of its objection to the Approval Conditions and/or its intention to appeal against the same within such periods, the Approval Conditions shall be deemed to have been accepted by the Affected Party and the relevant Condition Precedent shall be deemed to have been fulfilled.</i></p>	<p>In the event the Conditions Precedent are not fulfilled within the Condition Period, the Agreement shall automatically be terminated. It is justified that upon termination neither party shall have any claim against the other save for any antecedent breach.</p>

Salient terms of the Subscription Agreements (as amended by the Supplemental Agreements) of the Subscribers	Comments
<p><i>In the event that the appeal is rejected by or authority or approval with amended or new Approval Conditions is granted by relevant approving party, and such amended or new Approval Condition is not acceptable to either party, the non-accepting party shall notify the other Party in writing of its objection to the said amended or new Approval Condition, then Clause 4.1 shall be considered not to have been met or fulfilled PROVIDED ALWAYS that if the non-accepting Party shall fail to give any of the notices aforesaid, then the amended or new Approved Condition shall be deemed to have been accepted by all Parties.</i></p> <p>(vi) <i>Unless otherwise agreed by the parties in writing, the Subscription Agreement shall become unconditional on the date where all the Conditions Precedent have been satisfied (“Unconditional Date”).</i></p>	
<p>3. Completion</p> <p>(i) <i>Within three (3) Business Days from the Unconditional Date, the Subscriber (s) shall pay the Subscription Amount less Deposit to the Company:</i></p> <p>(ii) <i>Whereupon the receipt in full of the Subscription Amount, the Company shall cause to deposit and credit the Subscription Shares into the Central Depository System Account (“CDS Account”) of the Subscriber(s) on or before the Completion Date PROVIDED that the Subscriber(s) shall have notified its CDS Account details to the Company.</i></p> <p>(iii) <i>The Company undertakes and warrants that it shall within five (5) business days from Completion Date proceed to procure the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities.</i></p> <p>Completion Date <i>means the date of allotment of the Subscription Shares to the Subscriber(s) pursuant to the Subscription Agreement, being a date no later than eight (8) business days after the date on which the Subscription Amount is paid in full to the Company, or such other further date as may be mutually agreed upon in writing by the parties.</i></p>	<p>This clause is appropriate as it sets out the administrative procedures to be performed to facilitate the issuance of the Subscription Shares.</p>

Salient terms of the Subscription Agreements (as amended by the Supplemental Agreements) of the Subscribers	Comments
<p>4. Remedies upon Default</p> <p>(i) <i>If any party is in breach of any provision of the Subscription Agreement and has failed to remedy the same to the satisfaction of the other party within thirty (30) days from the date of a written notice from the non-defaulting party requiring such breach to be remedied, the non-defaulting party may terminate this Agreement.</i></p> <p>(ii) <i>The provisions of Clause 4(i) above shall be without prejudice to the non-defaulting party's rights to specific performance and to claim for damages in the event of breach by the defaulting party of the Subscription Agreement.</i></p> <p>(iii) <i>In the event of termination by the Company of the Subscription Agreement, the Company shall be entitled to claim against the Subscriber(s) for damages, and the Company and the Subscriber(s) shall cease to have any further rights or further obligations to each other under this Agreement, save in relation to antecedent breaches; and</i></p> <p>(iv) <i>In the event of termination by the Subscriber(s) of this Agreement, the Subscriber(s) shall be entitled to claim against the Company for damages, and the Company and the Subscriber(s) shall cease to have any further rights or further obligations to each other under the Subscription Agreement, save in relation to antecedent breaches</i></p>	<p>In the event there are breaches due to the default of the Company or the Subscribers which are not remedied within 30 days, the non-defaulting party may terminate the agreement, without prejudice to specific performance and claim for damages.</p> <p>Upon the termination, neither party shall have any other claim whatsoever against the other party save and except for antecedent breaches.</p> <p>This clause is appropriate as it is a normal commercial term to govern the rights of the non-defaulting party.</p>
<p>5. Term of Agreement</p> <p><i>The Subscription Agreement shall continue in full force and effect until mutual written agreement by the parties or an effective resolution is passed or an order is made by a Court of competent jurisdiction for the winding up of the Company.</i></p>	<p>This clause is justifiable as it provides a degree of certainty for the implementation of the Proposed Shares Issuance which is an integral part of the Proposed Regularisation Plan.</p>

B. Specific salient terms for the Subscription Agreement of VSB

Save for the terms mentioned below, the terms of the VSB's Subscription Agreement are the same as the other Subscribers' Subscription Agreements. The additional salient terms for VSB's Subscription Agreement are as follows:

Salient terms of the Subscription Agreement of VSB	Comments
<p>I. Deposit</p> <p>(i) <i>The Deposit shall be paid by VSB to the Company's solicitors acting as stakeholder on the date of this Agreement. The Deposit shall be retained by the Company's solicitors until settlement or earlier termination of this Agreement whereupon the Company's solicitors shall pay the Deposit to the person entitled to it.</i></p> <p>Deposit means the amount of RM3,000,000.00 deposit payable by VSB forming part of the Subscription Amount.</p> <p>(ii) <i>If the condition precedent is not fulfil and upon termination, the Company's solicitors shall be authorized to release the Deposit together with interest accrued thereto, to VSB.</i></p> <p>(iii) <i>Within three (3) Business Days from the Unconditional Date, the Company's solicitors shall be authorised to release the Deposit together with any interest accrued thereto to Company;</i></p> <p>(iv) <i>In the event termination by the Company and where the termination occurs prior to Completion, the Company shall be entitled to forfeit the Deposit;</i></p> <p>(v) <i>In the event termination by VSB and where the termination occurs prior to Completion, VSB shall be entitled to refund of the Deposit.</i></p>	<p>This clause is justifiable as the RM3 million deposited by VSB was paid upon signing of the Subscription Agreement. The Deposit together with interest shall be refunded to VSB if the Conditions Precedent are not fulfilled.</p> <p>Furthermore, in the event of termination by the Company before the Completion Date, as a result of a breach of any provision of the Subscription Agreement by VSB, the Deposit will be forfeited by the Company.</p>

Salient terms of the Subscription Agreement of VSB	Comments
<p>2. Condition Precedent</p> <p><i>In addition to the Condition Precedent in Section A, VSB's subscription agreement shall also include additional conditions that must be met within the Condition Period, as follows:</i></p> <p>(a) <i>the approval of SC on the exemption from a mandatory offer obligation of VSB;</i></p>	<p>The proposals forming the Proposed Regularisation Plan are inter-conditional. In the event that the Non-Interested Shareholders or the SC do not approve the Proposed Exemption, the Proposed Shares Issuance and the Proposed ESS will not be implemented.</p> <p>Accordingly, the additional condition precedent requiring approval from the SC for the Proposed Exemption is justifiable.</p>
<p>3. Compliance with Rules on Take-Overs, Mergers and Compulsory Acquisitions</p> <p>(i) <i>The parties acknowledge that VSB is required to comply with Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("Rules") in respect of the Subscription as well as the exemption from a mandatory offer obligation.</i></p> <p>(ii) <i>Each party undertakes with each other to comply with the Rules and any applicable laws and regulations related to take-overs, mergers and compulsory acquisitions, and each party further undertakes to indemnify the other party(ies) against any loss, damage and/or other liabilities as a result of non-compliance by the first party with the provisions of the Rules and any applicable laws and regulations related to take-overs, mergers and compulsory acquisitions.</i></p>	<p>In view that both the Company and VSB are required to comply with the Rules, laws and regulations related to take-overs, mergers and compulsory acquisitions, it is therefore justifiable that each party indemnifies the other party against loss, damage and/or liabilities as a result of non-compliance.</p>

Premised on the above, we are of the view that the salient terms of the Subscription Agreements and the Supplemental Agreements are acceptable.

6.7. Effects of the Proposed Regularisation Plan

We note that as set out in **Section 7 of Part A** of the Circular, the Proposed Exemption on a standalone basis will not have any impact on the issued share capital, substantial shareholders' shareholdings, consolidated NA, gearing and earnings of EATECH.

The Proposed Exemption will facilitate the Proposed Shares Issuance which pro forma effects are detailed in **Section 7 of Part A** of the Circular. Our comments on the effects are set out below:

6.7.1. Share capital

The issued share capital of EATECH will increase following the Proposed Shares Issuance and the capital base of the Company will be strengthened and increased by the amount of net proceeds raised via the said issuance.

6.7.2. Substantial shareholders' shareholdings

Based on the Record of Depositors as at LPD, the Proposed Shares Issuance involves Subscription Shares representing approximately 60% of the enlarged share capital of EATECH upon completion. As illustrated in **Section 7.4 of Part A** of the Circular, VSB's direct shareholdings will increase from nil to 51% and it will emerge as a new substantial shareholder of EATECH. Consequently, the collective shareholdings of the Non-Interested Shareholders will reduce from 100% to 40%.

In addition, the public shareholdings in EATECH will reduce from 47.40% to 27.96%. We note that the Company would still be in compliance with the public shareholding spread requirement of Bursa Securities.

6.7.3. NA and Gearing

The proforma effects on the consolidated NA, NA per EATECH Share and gearing are summarised in the table below:

	Audited as at 31 December 2023	(II) After the Proposed Shares Issuance	(III) After (II) and completion of SOA
NA (RM'000)	57,453	134,128	261,568
NA per EATECH Share (RM)	0.11	0.10	0.20
Gearing (times)	2.22	0.95	0.49

The Proposed Shares Issuance will on a pro forma basis increase the NA as a result of the increase in the issued share capital of EATECH based on the last audited results as at 31 December 2023.

In addition, NA per Share is expected to decrease on pro forma basis from RM0.11 to RM0.10 taking into consideration that the Subscription Price represents a discount to NA per Share.

The pro forma gearing ratio of the Group is expected to reduce from approximately 2.22 times to 0.95 times mainly as a result of the increase in shareholders' equity upon completion of the Proposed Shares Issuance.

Following the completion of the SOA, the NA, the NA per EATECH Share and the gearing of the Group are expected to improve further after the recognition of the estimated one-off income from the waiver of debts by scheme creditors pursuant to the SOA.

6.7.4. Earnings and EPS

We note from the **Section 7.2 of Part A** of the Circular that *barring any unforeseen circumstances, the settlement of the debts owed to scheme creditors under the SOA and to Sindora with the proceeds raised from the Asset Disposal Program and the Proposed Shares Issuance will allow the Group to recognise a one-off net income from the waiver of debt of approximately RM127.4 million. Following the completion of the SOA and the Asset Disposal Program, the Group should be in a better position to operate without its legacy debt and cashflow issues to impede on its business.*

Save for the above, the Proposed Regularisation Plan is not expected to have any material impact on the EATECH Group's earnings for the financial year ending 31 December 2024. For information, the Proposed Regularisation Plan is expected to be completed in the 2nd quarter of 2024.

The Proposed Exemption will not have any impact on the earnings and EPS of the EATECH Group.

The Proposed Shares Issuance will result in a dilution of EATECH's consolidated EPS as a result of the increase in the number of EATECH Shares in issue upon completion of the Proposed Shares Issuance.

Upon completion of the Proposed Regularisation Plan, which is expected to be in the 2nd quarter of 2024, there will be a corresponding dilution in the Group's EPS (excluding the one-off net income from waiver of debt of approximately RM127.4 million) pursuant to the Proposed Shares Issuance.

Notwithstanding the foregoing, the proceeds to be raised from the Proposed Shares Issuance will be utilised mainly for the settlement of the debts owing to scheme creditors under the SOA, and together with the proceeds raised from the Asset Disposal Program, allow the Group to recognise an one-off net income from the waiver of debt of approximately RM127.4 million.

Additionally, the Proposed Regularisation Plan would enable the Group to achieve the potential benefits as set out in **Section 4 of Part A** of the Circular, which are expected to contribute positively to the future profitability of the Group barring unforeseen circumstances.

Premised on the above, we are of the view that the overall financial effects of the Proposed Regularisation Plan are justifiable.

6.8. Industry outlook and prospects of the Group

The overview and outlook of the Malaysian economy and the oil and gas industries of Malaysia are detailed in **Section 5 of Part A** of the Circular.

6.8.1. Overview of the economy

Global economy

Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The forecast for 2024 is revised up by 0.1 percentage point from the January 2024 World Economic Outlook Update issued by International Monetary Fund, and by 0.3 percentage point from the October 2023 World Economic Outlook. The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geoeconomic fragmentation.

Risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labour markets are still tight, raise interest rate expectations and reduce asset prices. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on. Inflation could fall faster than expected amid further gains in labour force participation, allowing central banks to bring easing plans forward. Artificial intelligence and stronger structural reforms than anticipated could spur productivity.

(Source: World Economic Outlook, April 2024, International Monetary Fund)

Malaysian economy

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turn around in exports. Household spending was higher amid continued growth in employment and wages. On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the electrical and electronic (E&E) and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).

(Source: Press release dated 17 May 2024, Bank Negara Malaysia)

Despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient. The GDP is forecast to expand by approximately 4% in 2023 and between 4% and 5% in 2024. The Government acknowledged the World Bank's forecast that Malaysia's growth will be 4.3% in 2024, which is slightly higher than its initial estimate. This is in line with Malaysia's 2024 growth projection, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap (NETR), New Industrial Master Plan 2030 (NIMP 2030), and the Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan).

Furthermore, Malaysia's domestic demand in 2023 continues to be buoyed by expansion in consumption and investment spending. This is also supported by favourable labour market condition and easing inflationary pressures as well as vibrant tourism activities. The surge of private investment is attributed to the multiyear execution of infrastructure ventures and sustained capital investments in the services and manufacturing sectors. The robust activity in private sector expenditure is expected to offset the effects of moderate public spending in 2023.

On the supply side, services and manufacturing sectors continue to be the primary engines of growth in 2023. The services sector performance is driven by tourism subsectors, resulted from higher tourist arrivals and improved consumer spending. However, the manufacturing sector is expected to register a modest growth amid sluggish external demand. Likewise, agriculture sector is projected to expand moderately contributed by the oil palm, other agriculture and livestock subsectors, while the mining sector is anticipated to decline due to lower external demand for liquefied natural gas ("LNG").

In 2024, the mining sector is forecast to recover mainly contributed by the new gas field projects such as Gansar, Jerun and Kasawari. Meanwhile, the construction sector continues to grow supported by growth in all subsectors, partly by the increasing demand in renewable and clean energy as well as decarbonisation, in line with the green economy agenda.

(Source: Economic Outlook 2024, Ministry of Finance)

6.8.2. Overview and outlook of the global oil and gas industry

World crude oil production increased by 4.98% from 69.35 million barrels per day in 2021 to 72.80 million barrels per day in 2022. In 2022, crude oil prices continued to climb higher. In particular, the war between Russia and Ukraine has caused disruptions to the global supply chain. As one of the largest exporters of oil in the world, Russia's involvement in the war throws oil supply from the country into doubt.

(Source: Independent Market Research by Protégé Associates dated 31 May 2024)

The global oil demand growth forecast for 2024 remains broadly unchanged from April 2024 assessment of 2.2 million barrels per day. However, there are some minor adjustments within the quarters, due to actual data received, as well as consideration of expected near term developments.

Oil demand in the Organisation for Economic Co-operation and Development (“OECD”) is projected to grow by around 0.3 million barrels per day, year-on-year, in 2024, with Americas leading the growth, supported by a slight uptick from both OECD Europe and Asia Pacific. In the non-OECD, oil demand is forecast to expand by nearly 2.0 million barrels per day, year-on-year, driven mostly by China, and supported by the Middle East, India, Other Asia and Latin America.

The 2025 global oil demand growth forecast shows robust growth of 1.8 million barrels per day, year-on-year, unchanged from the April assessment. Within the main regions, the OECD is expected to grow by 0.1 million barrels per day, year-on-year, while demand in the non-OECD is forecast to expand by 1.7 million barrels per day. In terms of products, transportation fuels are forecast to drive the growth, with jet/kerosene and gasoline each expanding by around 0.5 million barrels per day.

(Source: Monthly Oil Market Report dated 14 May 2024, OPEC)

The global oil demand from the petrochemical industry is expected to increase from 20.5 million barrels per day in 2021 to 23.7 million barrels per day in 2023 and 25.5 million barrels per day in 2050, respectively. The increase is largely supported by the growing demand for a wide range of products including plastics, synthetic fibres, detergents, paints, adhesives, aerosols, insecticides, and pharmaceuticals. Around 70.0% (10.0 million barrels per day) of oil demand is used as petrochemical feedstock to produce plastics. The demand for petrochemical feedstock used in plastics production is expected to rise by an estimated 3.0 million barrels per day between 2021 and 2050. Sustained dependence on petrochemicals for the production of these products is sparked by rising population and on-going industrialisation around the world. This development is expected to provide the impetus for growth in the oil and gas industry, which in turn further drive growth in the local OGSE industry.

According to the International Energy Agency (“IEA”), electric car sales exceeded 10.0 million in 2022, a 55.0% increase from 6.6 million sales in 2021, despite supply chain disruptions, macro-economic and geopolitical uncertainty and high commodity and energy prices. The global electric car sales are expected to continue strongly with 14.0 million sales projected by the end of 2023, aligning with the growing concern about climate change and the reduction of greenhouse gas emissions as countries establish their green energy transition goals. The adoption of electric cars is expected to dampen the demand for oil which does not augur well for the growth in the oil and gas industry including the OGSE industry.

According to the IEA, the global energy investment experienced a decline of approximately 20% in 2020, primarily driven by the effects of the COVID-19 pandemic which dampened oil demand. Nevertheless, it is important to note that oil and gas continue to play a pivotal role in the energy sector, in terms of fuel consumption and power generation. Therefore, the underinvestment in the global oil and gas sector could lead to tighter supplies at a time when oil demand normalised post-pandemic, particularly due to growing needs of sectors such as road transportation, aviation and shipping. While the transition to green and renewable energy is slowly picking up, it is nonetheless expected to fall short of meeting the rising demand for energy in a sustainable manner.

(Source: Independent Market Research by Protégé Associates dated 31 May 2024)

6.8.3. Overview and outlook of the Malaysian oil and gas industry

In 2022, Malaysia is a net importer of crude petroleum (by value) with a deficit of RM21.39 billion. The export value of crude petroleum amounted to RM31.55 billion while the import value of crude petroleum amounted to RM52.94 billion. On the other hand, Malaysia is a net exporter of refined petroleum products (by value) in 2022. The export value of refined petroleum products amounted to RM151.66 billion while the import value of refined petroleum products amounted to RM139.83 billion during the year.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of LNG per annum. While the country experienced a dip in value of exports of LNG in 2020 at RM29.87 billion due to the effects of COVID-19, exports rebounded in 2021 to stand at RM38.19 billion. The value of exports of LNG from Malaysia grew further in 2022, registering RM67.99 billion. This signified a 78.0% increase over the previous year in terms of value of exports for LNG from Malaysia. With key LNG assets such as the PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world's largest LNG production facilities at a single location, Malaysia is expected to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

(Source: Independent Market Research by Protégé Associates dated 31 May 2024)

The mining sector turned around to record 0.1% growth in first half of 2023. This was supported by improved performance of crude oil and condensate as well as other mining and quarrying and supporting services subsectors. Meanwhile, the natural gas subsector was subdued following interruption of operations in Peninsular Malaysia and plant shutdown in Sarawak. The mining sector's performance is anticipated to contract by 1.7% in second half of 2023, owing to lower production of crude oil and condensate as well as natural gas. The decline in production is due to plant maintenance shutdown at several oil and gas fields as well as lower external demand for liquefied natural gas (LNG) amid challenging global environment. Against this backdrop, growth in the mining sector is projected to contract by 0.8% in 2023.

The mining sector is forecast to rebound by 2.7% in 2024 driven by remarkable performance in natural gas as well as crude oil and condensate subsectors. Anticipation of first natural gas production from new gas field development projects such as Gansar, Jerun and Kasawari as well as higher production from the existing gas fields are estimated to boost the growth of the natural gas subsector. In addition, the mining sector is also expected to benefit from higher production of crude oil and condensate, especially in Peninsular Malaysia and Sarawak.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

In the first quarter of 2024, the mining sector advanced further by 5.7% with expansion recorded in all subsectors. The natural gas subsector accelerated by 9% as all regions posted higher output of gas. Likewise, the crude oil and condensate subsector increased by 1.3% attributed to better production in Sarawak.

(Source: Malaysian Economy, First Quarter 2024, Ministry of Finance)

Malaysian oil demand growth forecast

Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, more future offshore exploration activities are expected to be conducted in deep and ultra-deep water in Malaysia. Meanwhile, the development of the downstream sector of the local oil and gas industry is expected to gain further traction with the continuing investments in the petroleum products (including petrochemicals) industry. In 2022, there were 18 approved oil and gas projects with investments worth RM23.90 billion compared to 16 approved oil and gas projects with investments worth RM17.09 billion in 2021.

As part of its aspiration to achieve net zero carbon emissions by 2050, PETRONAS has started diversifying its operations beyond its core business of oil and gas into the green and renewable energy. However, green and renewable sources of energy are not expected to make a marked dent in the demand for fossil fuels during the forecast period because fossil fuels remain the familiar and more cost-efficient choice for the majority of major energy users. Despite efforts to diversify and promote cleaner energy alternatives, the infrastructure and scale for renewable energy sources are not yet at a level to significantly replace the demand for fossil fuels in the near term.

(Source: Independent Market Research by Protégé Associates dated 31 May 2024)

Malaysian oil support growth forecast

The potential size of the OGSE industry in Malaysia is heavily dependent on the capital expenditure committed by PETRONAS. The PETRONAS domestic capital expenditure increased by 24.0% from RM15.00 billion in 2021 to RM18.60 billion in 2022 driven by the growth of the Malaysian oil and gas industry. Amidst the continued disruption in global oil supply chain due to the Russian-Ukraine war as well as the economic recovery in a post-pandemic environment, PETRONAS has continued to strengthen its business and pursue capital expenditure on exploration, development, and production activities to sustain and grow production in Malaysia.

According to PETRONAS, its capital investment allocation between 2023 to 2027 is expected to be 43.0% higher than the last five years (between 2018 to 2022), primarily as a result of scaling up investments in the core business, lowering its emissions as well as investing in new business to future-proof PETRONAS' portfolio. Going forward, the annual domestic capital expenditure of PETRONAS is projected to increase from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resilience of the OGSE industry.

The local oil and gas industry including the local OGSE industry can also look forward to the continuing close attention and support from the Government in the form of national strategic policies or masterplans, due to its strategic importance as key source of revenue and economy driver. In particular, the Malaysian Investment Development Authority (“MIDA”) remains focused on the continued strategic integration in the country's downstream operations to meet demands and capture value across the oil and gas value chain. MIDA also encourages more joint ventures or collaborations between local and foreign players with expertise to enhance local capabilities via knowledge transfer.

(Source: Independent Market Research by Protégé Associates dated 31 May 2024)

6.8.4. Prospects and future plans of the EATECH Group

In addition, we also note the future plans and strategies of the Group, in **Section 5.4 of Part A** of the Circular, states the following:

- (i) the Group's order book for a firm period amounts to approximately RM146.58 million with extension options of additional RM281.25 million;
- (ii) plans to expand the business by increasing order book by securing additional charter vessel contracts;
- (iii) plans to acquire and construct additional vessels to increase operating capacity and expansion of shipyard facilities with new slipway; and
- (iv) plans to implement a fleet renewal program commencing from 4th quarter of 2024 by investing approximately RM152.0 million over the period 2025 to 2029 to replace older vessels.

The Group's order book and business plans align with the strategic goals as set out in EATECH's Annual Report 2023 which are to enhance the business revenue, support the cost reduction programme and maintain liquidity preservation.

Premised on the foregoing, the outlook and prospects of the EATECH Group upon completion of the Proposed Regularisation Plan are expected to improve in the longer term.

6.9. Risk factors of the Proposed Regularisation Plan

Apart from the risk factors highlighted in **Section 6 of Part A** of the Circular, Non-Interested Shareholders should carefully consider the following risk factors:

(i) Delays in implementation or non-completion of the SOA

EATECH is currently required to complete the SOA by 11 July 2024, which involves raising RM40.08 million via the Asset Disposal Program (which was completed on 19 September 2023) and the balance from the proceeds to be raised via the Proposed Shares Issuance. The completion of the SOA is, to a large extent, dependent on the timely implementation of the Proposed Regularisation Plan. Therefore, the Proposed Shares Issuance (subject to, inter-alia, the Proposed Exemption) forming part of the Proposed Regularisation Plan, is key to the successful completion of the SOA.

However, there is no assurance that the Company is able to complete the SOA within the stipulated time frame. Should a delay or non-completion of the Proposed Shares Issuance and the Proposed Exemption occur, without any extension of the deadline for the SOA by the High Court, this may adversely affect or disrupt the entire regularisation. There is a risk that EATECH will continue to be classified under PN17 and the trading of EATECH Shares may be suspended and/or de-listed. The scheme creditors under the SOA may also commence/recommence their efforts to recover debts owed by EATECH through legal action and litigation. Nevertheless, the Proposed Shares Issuance provides an expeditious avenue to implement the Proposed Regularisation Plan and the Company will take reasonable steps to ensure successful and timely implementation of the SOA.

(ii) Ability of the EATECH Group to record a net profit in 2 consecutive quarters immediately after the Proposed Regularisation Plan

Pursuant to paragraph 5.2(c) of PN17, EATECH must record a net profit in 2 consecutive quarters immediately after the completion of the Proposed Regularisation Plan. The ability of EATECH to be uplifted from its PN17 status is dependent on the aforementioned to demonstrate the Proposed Regularisation Plan is comprehensive and capable of addressing the issues that had caused EATECH to trigger the prescribed criteria, such that it will (i) no longer trigger any of the prescribed criteria upon completion of the Proposed Regularisation Plan; and (ii) not trigger any of the prescribed criteria in the near future.

There is no certainty that EATECH will be able to record profits in the 2 consecutive quarters immediately after the Proposed Regularisation Plan. Nonetheless, we note that EATECH has been able to record profits for the last 7 quarters up to 31 March 2024.

The Non-Interested Shareholders should take note of the risk factors and the relevant measures undertaken to mitigate such risks; and there can be no assurance that any of the risk factors (which are not meant to be exhaustive), will not have a material and adverse effect on the business and financial position of EATECH.

6.10. Implications of the Proposed Exemption

Shareholders should note that the SC will only consider the application for the Proposed Exemption under subparagraph 4.08(1)(b) of the Rules subject to, inter-alia, the conditions stated in subparagraph 4.08(2) of the Rules:

- (i) There is no acquisition of shares or instruments convertible into shares and options in respect of shares (other than subscriptions for new shares or new instruments convertible into or options in respect of new shares which have been disclosed in the Circular) by Datuk Wira Mubarak, VSB and their PAC in the last six months prior to and including the LTD but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of EATECH in relation to the Proposed Regularisation Plan until completion of the subscription for the Shares; and
- (ii) Approval for the Proposed Exemption has been obtained from the Non-Interested Shareholders at a general meeting, which voting is to be conducted by way of a poll.

The implications of the Non-Interested Shareholders' votes at the forthcoming EGM are as follows:

6.10.1. If the Non-Interested Shareholders VOTE IN FAVOUR of the Proposed Exemption

Should the Non-Interested Shareholders vote in favour of the Proposed Exemption, VSB will be able to submit an application to the SC for the Proposed Exemption as it fulfils the requirement under subparagraph 4.08(2)(b) of the Rules for the SC's consideration. An approval from the SC would then exempt Datuk Wira Mubarak, VSB and their PAC from the obligation to undertake any MGO which may arise as a result of their participation in the Proposed Shares Issuance.

The Non-Interested Shareholders' approval of the Proposed Exemption will imply that Non-Interested Shareholders agree to waive their rights to a general offer by Datuk Wira Mubarak, VSB and their PAC for EATECH Shares based on the highest price paid by Datuk Wira Mubarak, VSB and their PAC for EATECH Shares in the past six months preceding the commencement of the offer.

Non-Interested Shareholders should note that the Proposed Exemption, if granted, will facilitate the Proposed Shares Issuance and will allow:

- (i) The individual shareholding of VSB to increase from nil up to 51.0%; and
- (ii) the collective shareholdings of Datuk Wira Mubarak, VSB and their PAC to increase from nil up to 51.0%,

without being required to extend a MGO for the remaining EATECH Shares not owned by them. This would result in a corresponding decrease in the percentage shareholdings of Non-Interested Shareholders of EATECH from 100% to 40%.

Pursuant to the Proposed Shares Issuance and Proposed Exemption, Datuk Wira Mubarak, VSB and their PAC will be able to emerge as the single largest shareholder in EATECH at the Subscription Price which is:

- (i) at a discount of up to 70.59% to the closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the Shares up to the LTD;
- (ii) at a discount of up to 72.97% to the closing market price, 5-day, 1-month, 3-month, 6-month and 12-month VWAPs of the Shares up to the LPD; and
- (iii) marginally lower than the audited consolidated NA per Share of RM0.11 as at 31 December 2023 and higher than the audited consolidated NA per Share of RM0.07 as at 31 December 2022 (which was the latest available at the time of entering into the Supplemental Agreements),

without having to undertake the MGO.

Following the completion of the Proposed Shares Issuance, the collective shareholdings of Datuk Wira Mubarak, VSB and their PAC in EATECH will increase to more than 50%, any further increase in the collective shareholdings of Datuk Wira Mubarak, VSB and their PAC in EATECH would not incur any further obligation to undertake a MGO provided that Datuk Wira Mubarak, VSB and their PAC do not trigger such MGO obligation on an individual basis (i.e. individually increases his/its shareholdings to above 33%).

Non-Interested Shareholders should also be aware that if they vote for the Proposed Exemption and it is approved at the EGM and subsequently by the SC, shareholders could possibly be forgoing the opportunity, if any, to receive a general offer from other parties who may be discouraged from making such an offer in view of VSB emerging as a controlling shareholder.

With resultant shareholdings of Datuk Wira Mubarak, VSB and their PAC of more than 50%, the Non-Interested Shareholders should note that their increased shareholdings would enable them to have greater control over the direction of EATECH and control on matters that require the approval of shareholders via ordinary resolution which requires a simple majority of 50% plus one share at general meetings (where they are not required to abstain from voting). Datuk Wira Mubarak, VSB and their PAC would also have significant influence over the outcome of any special resolution which requires a majority of 75% tabled at general meetings (unless they are required to abstain from voting).

The proposals forming the Proposed Regularisation Plan are inter-conditional and without the Proposed Exemption, the Proposed Shares Issuance and the Proposed ESS will not proceed. Therefore, voting in favour of the Proposed Exemption will enable the EATECH Group to reap the benefits of the Proposed Regularisation Plan.

6.10.2. If the Non-Interested Shareholders VOTE AGAINST the Proposed Exemption

Should the Non-Interested Shareholders vote against the Proposed Exemption and it is not approved at the EGM, VSB will not be able to submit an application to the SC for the Proposed Exemption as it does not fulfill the requirement under subparagraph 4.08(2)(b) of the Rules. The proposals forming the Proposed Regularisation Plan will not proceed as they are inter-conditional and the shareholding structure of EATECH will remain the same. EATECH would not be able to implement the Proposed Regularisation Plan and the rationale of the Proposed Regularisation Plan as elaborated in **Section 4 of Part A** of the Circular and **Sections 6.1, 6.2, 6.3 and 6.4** of this IAL including any potential benefits therefrom would not materialise. Accordingly, the Group's funding requirements envisaged to be met via the Proposed Regularisation Plan would need to be met in other ways in a timely manner.

The Board of EATECH is of the opinion that the Proposed Shares Issuance is an appropriate method of fund raising and in the best interest of the Company. As detailed in **Section 4 of Part A** of the Circular, Sindora has decided not to provide any additional funding via equity or debt to EATECH to regularise EATECH's financial position. Consequently, a rights issue would not be a suitable avenue for EATECH to secure the required funding.

If the Proposed Regularisation Plan is not approved, the Board will consider alternative fund raising approaches including borrowings from financial institutions. However, we note that EATECH had not been successful in obtaining additional funding from financial institutions since being categorised under PN17. In the event EATECH is able to secure additional funding, it would be challenging and place additional finance cost and loan repayment burden on the Group.

7. DECLARATIONS AND CONFIRMATIONS

In accordance with Schedule 2: Part II of the Rules on disclosure on interests, the following declarations have been made in respect of the Proposed Exemption:

7.1. By Datuk Wira Mubarak, VSB and PAC

(As disclosed in **Section 2.1.2 of Part A** of the Circular, Dato' Lai is considered as a PAC to VSB and Datuk Wira Mubarak for the purposes of the Proposed Exemption by virtue of his 30.0% equity interest in VSB, pursuant to subsection 216(3)(f) of the CMSA. For this section, PAC refers to Dato' Lai.)

As at the LPD, Datuk Wira Mubarak, VSB and PAC have declared the following:

- (i) they do not hold directly or indirectly any voting shares or any other interest in EATECH;
- (ii) they have not dealt and will not deal in the EATECH Shares during the period of six months prior to the announcement of the Proposed Regularisation Plan but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Regularisation Plan, until the completion of the Proposed Regularisation Plan;
- (iii) they do not intend to effect any major change on the following:
 - (a) the continuation of the business of the EATECH Group;
 - (b) the existing business of the EATECH Group, including plans to liquidate the EATECH Group, sell its assets or re-deploy the fixed assets of the EATECH Group or make any other major change to the business of the EATECH Group; and
 - (c) the continued employment of the employees or employment policies of the EATECH Group except where such changes are required to rationalise or improve the efficiency of the operations,

except where such changes are considered by the EATECH Group to be necessary to streamline or to improve amongst others, its business, profitability, operation and/or market position from time to time and in the best interest of the EATECH Group;

- (iv) their long-term commercial justification for the Proposed Exemption is to facilitate the Proposed Regularisation Plan;
- (v) there are no persons with whom Datuk Wira Mubarak, VSB and PAC or any persons acting in concert with them have any arrangement involving rights over EATECH Shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to EATECH Shares which may be an inducement to deal or refrain from dealing;
- (vi) there is no agreement, arrangement or understanding existing between Datuk Wira Mubarak, VSB and PAC or any persons acting in concert with them and any of the Directors of Johor Corporation, Sindora Berhad, Kulim Berhad and EATECH, existing holders of voting shares or voting rights of EATECH or any person who was a Director of EATECH or a holder of voting shares or voting rights of EATECH during the period of six months prior to the announcement of the Proposed Regularisation Plan having any connection with or dependence upon the outcome of the Proposed Exemption;

- (vii) save as disclosed in the Circular, there are no other persons who prior to the sending of the Circular, have irrevocably committed themselves to vote in favour or against the Proposed Exemption;
- (viii) Datuk Wira Mubarak, VSB and PAC or any persons acting in concert with them have not borrowed or lent any EATECH Shares;
- (ix) Within the knowledge of Datuk Wira Mubarak, VSB and PAC, as at the LPD, there have not been any material changes in the financial position or prospects of the EATECH Group since its last audited financial statements as at 31 December 2022 was presented to EATECH shareholders in the annual general meeting held on 20 June 2023, other than as disclosed in subsequent announcements made by EATECH on Bursa Securities from time to time; and
- (x) Datuk Wira Mubarak, VSB and PAC have also confirmed that the duration of the Proposed Exemption sought herein and to be sought from the SC subsequently will be until the completion of the Proposed Shares Issuance.

7.2. By EATECH

EATECH has not purchased any of its own voting shares during the period commencing six months prior to LTD and ending on the LPD. It and its PACs have not borrowed or lent any shares in EATECH.

As at the LPD, save for the Proposed Regularisation Plan, EATECH has no knowledge and has not entered into any negotiation or arrangement or understanding with any third party in relation to any significant change in the EATECH Group's business and assets or the shareholding structure of EATECH.

EATECH does not hold directly or indirectly any voting shares or any other interest in VSB as at the LPD and has not dealt in the voting shares or any other interest in VSB during the period of six months prior to the LTD and ending on LPD.

7.3. By Directors of EATECH

The Directors of EATECH have declared that:

- (i) save as disclosed below, none of the Directors of EATECH holds directly or indirectly any voting shares or any other interest in EATECH as at the LPD:

Name	Direct		Indirect	
	No. of Shares held	%*	No. of Shares held	%
Datuk Mohd Nasir Ali	327,500	0.06	-	-
Rozan Mohd Sa'at	327,500	0.06	-	-

Note:

* Based on the total issued share capital of 530,500,000 EATECH Shares as at the LPD.

- (ii) the Directors of EATECH do not hold directly or indirectly any voting shares or any other interest in VSB as at the LPD;
- (iii) the Directors of EATECH have not dealt in the voting shares or any other interest in EATECH and VSB during the period commencing six months prior to LTD and ending on the LPD;

- (iv) the Directors of EATECH, have confirmed that they will vote in favour of the Proposed Exemption in respect of their shareholdings in EATECH, if any, at the forthcoming EGM;
- (v) there is no agreement, arrangement or understanding existing between Datuk Wira Mubarak, VSB or their PAC and any of the Directors of EATECH, existing holders of voting shares or voting rights of EATECH, any person who was a Director of EATECH or a holder of voting shares or voting rights of EATECH during the period of six months prior to the announcement of the Proposed Regularisation Plan or any other person having any connection with, which is conditional on or dependent upon the outcome of the Proposed Exemption or otherwise connected with the outcome of the Proposed Exemption;
- (vi) as at the LPD, there is no payment or benefit which will be made or given to any Director of EATECH as compensation for loss of office or otherwise in connection with the Proposed Exemption;
- (vii) there is no material contract entered into by Datuk Wira Mubarak, VSB or their PAC in which a Director of EATECH has material personal interest; and
- (viii) as at the LPD, none of the Directors or proposed Directors of EATECH have any existing service contracts with the Company or any of its subsidiaries, unless expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL, which have been entered into or amended within 6 months prior to LTD or which are fixed term contracts with more than 12 months to run.

7.4. By cfSolutions

As at the LPD, cfSolutions is not involved in the management of funds on a discretionary basis and we do not have any interest, whether direct or indirect, in any voting shares of EATECH or VSB. cfSolutions has not dealt, directly or indirectly, in any voting shares of EATECH or VSB during the six-month period prior to the announcement of the Proposed Regularisation Plan and up to the LPD.

8. DIRECTORS' RESPONSIBILITY STATEMENT

This IAL has been seen and approved by the Board, which collectively and individually accepts full responsibility for the accuracy of the information contained in this IAL wherein the Board's responsibility in respect of:

- (i) all information relating to Datuk Wira Mubarak, VSB and their PAC which were provided by Datuk Wira Mubarak, VSB and their PAC respectively is limited to ensuring such information is accurately reproduced in this IAL; and
- (ii) the independent advice and opinion by cfSolutions is limited to ensuring the accuracy and completeness of the information in relation to the EATECH Group and the Proposed Regularisation Plan provided for cfSolutions's evaluation of the Proposed Exemption,

and confirms that, after making all reasonable enquiries and to the best of the Board's knowledge and belief, there is no statement or information contained in this IAL which is inaccurate, incomplete, false or misleading and no other fact or information, the omission of which would make any information or statement in this IAL and/or any information furnished to cfSolutions incomplete, false, misleading or inaccurate as at the LPD.

Pursuant to paragraph 11.07 of the Rules, the Board shall notify the SC in writing and the Non-Interested Shareholders by way of announcement if, after despatching this IAL and prior to the EGM, the Board becomes aware that the information or document previously circulated or provided:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

9. FURTHER INFORMATION

We advise you to refer to Part A of the Circular as well as the enclosed appendices and annexure contained in the Circular for further information.

10. CONCLUSION AND RECOMMENDATION

The Non-Interested Shareholders should carefully consider the merits and demerits of the Proposed Exemption based on all pertinent and relevant factors including but not limited to those set out in Part A and the appendices of the Circular and in this IAL before voting on the ordinary resolution to give effect to the Proposed Exemption at the forthcoming EGM.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Exemption in a holistic approach in accordance with paragraph 8 of Schedule 2 : Part III of the Rules, taking into consideration the various factors set out in this IAL and summarised below.

The Proposed Exemption, if granted, will allow the EATECH Group to undertake the Proposed Shares Issuance. Accordingly, the potential advantages and disadvantages are summarised below:

Potential Advantages

- The Proposed Exemption, if approved, would enable EATECH to implement the Proposed Regularisation Plan which includes, inter-alia, the Proposed Shares Issuance which is deemed to be the more certain and expedient fundraising proposal presently available to the Company given the challenges as a PN17 entity;
- The Company will be able to reap the benefits from implementation of the Proposed Regularisation Plan, including the following:
 - (a) raise the requisite funds amounting to RM31.0 million towards final settlement of the balance payments due to scheme creditors pursuant to the SOA;
 - (b) raise the requisite funds for partial repayment of RM26.0 million to Sindora of amounts settled on behalf of EATECH after it had triggered PN17 prescribed criteria;
 - (c) raise an additional RM19.7 million for its working capital purposes which together with other cash generated by the Company, is anticipated by the Board to enable EATECH to have sufficient working capital for a period of 12 months from the date of the Circular;
 - (d) the settlement arrangements with scheme creditors under the SOA will allow the Company to recognise a one-off total net income of RM127.4 million as a result of debt waiver from them; and

- (e) completion of the restructuring of the Company from the Proposed Regularisation Plan will improve the Company's financial condition, as reflected in more positive financial ratios, thereby:
 - (i) facilitating its exit from PN17 status;
 - (ii) enhancing its stakeholders' confidence in the Company; as well as
 - (iii) addressing External Auditors' concerns surrounding material uncertainty events;
- The Proposed Regularisation Plan and completion of SOA will strengthen the overall NA, financial position and capital base of EATECH. As illustrated in proforma effects of the Proposed Shares Issuance and SOA on its audited consolidated financial statements as at 31 December 2023:
 - (a) Shareholders' equity will increase to above 50% of the share capital (up to approximately 101%);
 - (b) One-off net income as a result of the debt waivers by scheme creditors will correspondingly turn around the accumulated losses to retained earnings of approximately RM2.2 million;
 - (c) NA per Share of EATECH will improve from RM0.11 to RM0.20;
 - (d) Gearing ratio of EATECH will improve from 2.22 times to 0.49 times; and
 - (e) The WACC of EATECH will decrease from 8.50% to 8.48%;
- The equity funding of approximately RM79.58 million raised in an expeditious manner for the timely settlement of amounts owing to the creditors under the SOA greatly reduces the potential for any further legal action from the aforesaid creditors;
- The Proposed Exemption, forming part of the Proposed Regularisation Plan will facilitate the required regularisation within the stipulated time frame, thereby greatly reducing the risk of trading suspension or delisting; and
- The Group need not be burdened by additional debt service obligations which would otherwise be required if the Company's working capital of RM19.7 million were to be funded via debt financing which if sought, would be negotiated in a challenging financial situation and thereby on considerably weaker terms.

Potential Disadvantages

- Datuk Wira Mubarak, VSB and their PAC would be exempted from the obligation to acquire all remaining EATECH Shares not owned by them upon subscription of new EATECH Shares pursuant to the Proposed Shares Issuance. Accordingly, they will subscribe for the Shares at the negotiated price of RM0.10 which represents a discount of 9.09% to the audited consolidated NA per Share as at 31 December 2023 and up to 72.97% to the historical VWAPs up to the LPD of the Company and their collective shareholdings in EATECH will increase to 51% of the enlarged issued share capital of the Company without being required to undertake the MGO;
- Based on the Record of Depositors as at LPD, the existing shareholders' shareholdings of EATECH will be proportionately diluted from 100% to 40% upon completion of the Proposed Shares Issuance. Correspondingly, the public shareholding spread will decline from 47.40% to 27.96%; and

- Pursuant to the Proposed Shares Issuance to be implemented together with the Proposed Exemption, the deemed equity interests of Datuk Wira Mubarak, VSB and their PAC in EATECH will increase to more than 50%, thereby giving them statutory control in certain scenarios (unless they are required to abstain from voting). Should the collective shareholdings of Datuk Wira Mubarak, VSB and their PAC remain at levels in excess of 50% post-completion of the Proposed Shares Issuance and the Proposed Exemption: (i) any subsequent shareholding increase would not trigger any MGO obligations; and (ii) this would enable Datuk Wira Mubarak, VSB and their PAC to determine the outcome of the ordinary resolutions which require a simple majority of 50% plus 1 share and have significant influence on the outcome of the special resolutions which require a special majority of at least 75% at general meetings (unless they are required to abstain from voting).

Premised on the above and our evaluation and assessment of the Proposed Exemption on the basis of the relevant information made available to us as at the LPD and set out in this IAL, we are of the opinion that overall, the merits outweigh the disadvantages. Therefore, on a holistic approach, the Proposed Exemption is FAIR AND REASONABLE to the Non-Interested Shareholders of EATECH. Accordingly, cfSolutions recommends that the Non-Interested Shareholders VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

We wish to highlight that whilst we may provide you our advice and opinion on the Proposed Exemption, Non-Interested Shareholders should exercise their own judgement and are responsible for the ultimate decision on whether to take that course of action. As such, the Non-Interested Shareholders are advised to consider the merits and demerits of the Proposed Exemption carefully based on all relevant and pertinent factors including those set out in the Circular and this IAL, as well as other publicly available information prior to making their decision in relation to the Proposed Exemption.

Further, the Board, as stated in **Section 12 of Part A** of the Circular, having considered all aspects of the Proposed Regularisation Plan including but not limited to, the rationale, financial effects and risk factors of the Proposed Regularisation Plan as well as the evaluation by the Independent Adviser on the Proposed Exemption, is of the opinion that the Proposed Regularisation Plan is in the best interest of the Company and its shareholders. Accordingly, the Board has recommended that the Shareholders vote in favour of the resolutions in relation to the Proposed Regularisation Plan (which include the Proposed Exemption) to be tabled at the forthcoming EGM.

Yours faithfully
For and on behalf of
CFSOLUTIONS SDN BHD

Calvin Chun
Director

Leow Kar Hue
Director

INFORMATION ON EATECH

1. HISTORY AND PRINCIPAL ACTIVITIES

EATECH (Registration No.: 199301001779 (256516-W)) was incorporated in Malaysia under the Companies Act 1965 on 18 January 1993 as a private limited company under the name of E.A. Technique (M) Sdn Bhd. The Company converted into a public limited company under the name of E.A. Technique (M) Berhad on 27 March 2014 and was subsequently listed on the Main Market of Bursa Securities on 11 December 2014.

EATECH's registered address is Level 11, Menara Komtar, Johor Bahru City Centre, 80000 Johor Bahru, Johor Darul Takzim. Meanwhile, its correspondence address is Setiawangsa Business Suites, unit C-3A-3A, no. 2 Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur, Malaysia.

EATECH is predominantly an owner and operator of marine vessels, where its business is focused on marine transportation and offshore storage of oil and gas, and provision of port marine services. Since the incorporation of the Company, it has been involved in the provision of marine consultancy services and cargo broking.

The details of the history and milestones of EATECH are disclosed in Appendix I(A) of the Circular.

2. SHARE CAPITAL
2.1. Issued share capital

The paid-up share capital of EATECH as at the LPD is as follows:

	No. of Shares	Total
	Units	RM
Issued and paid-up	530,500,000	179,755,000

As at LPD, EATECH does not have any shares held as treasury shares.

2.2. Changes in the issued share capital

As at the LPD, there is no change in the issued share capital of EATECH since the end of the FYE 31 December 2023.

2.3. Convertible securities

As at the LPD, EATECH does not have any convertible securities.

INFORMATION ON EATECH (CONT'D)
3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of EATECH (holding 5% or more in the share capital of EATECH) and their shareholdings as disclosed in the Register of Substantial Shareholders as at the LPD are as follows:

Name	Place of incorporation/ Registration number	Correspondence Address	Direct		Indirect	
			No. of Shares held	%*	No. of Shares held	%*
Sindora Berhad	Malaysia/ 197201001738 (13418-K)	Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor	265,500,000	50.05%	-	-
Kulim (Malaysia) Berhad	Malaysia/ 197501001832 (23370-V)	Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor	12,884,300	2.43%	265,500,000 ⁽¹⁾	50.05%
Johor Corporation ⁽²⁾	Malaysia/ Not applicable ⁽³⁾	Level 13, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor	-	-	278,384,300 ⁽⁴⁾	52.48%

Notes:

* Based on the total issued share capital of 530,500,000 EATECH Shares as at the LPD.

(1) Deemed interested by virtue of its shareholding in Sindora Berhad pursuant to Section 8 of the Act.

(2) Johor Corporation is the ultimate shareholder of EATECH via its shareholding in Kulim (Malaysia) Berhad and Sindora Berhad.

(3) Johor Corporation is a statutory body incorporated under the Johor Corporation Enactment No.4 of 1968 (as amended by Enactment No. 5 of 1995) and is controlled by the Johor State Government.

(4) Deemed interested by virtue of its shareholding in Kulim (Malaysia) Berhad pursuant to Section 8 of the Act.

INFORMATION ON EATECH (CONT'D)
4. SUBSIDIARY COMPANIES AND ASSOCIATED COMPANY OF EATECH

As at the LPD, details of the subsidiaries of the Company are as follows:

Name of subsidiaries	Place of incorporation	Effective ownership interest	Principal activities
Johor Shipyard and Engineering Sdn. Bhd.	Malaysia	100.0%	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy
Libra Perfex Precision Sdn. Bhd.	Malaysia	100.0%	Hiring and chartering of marine vessels

As at the LPD, the Company does not have any dormant subsidiaries and associated company.

5. DIRECTORS

The particulars of the Directors and their respective shareholdings in EATECH as at the LPD are as follows:

Name	Designation/ Date of appointment	Nationality	Address	Direct		Indirect	
				No. of Shares held	%*	No. of Shares held	%
Dato' Mohd Redza Shah Abdul Wahid	Independent Non-Executive Chairman/ 14 February 2020	Malaysian	No 6, Lorong PJU 7/21B, Mutiara Damansara, 47800 Petaling Jaya, Selangor	-	-	-	-
Datuk Mohd Nasir Ali	Independent Non-Executive Director/ 17 October 2014	Malaysian	No 12, Jalan SS 7/9, Kelana Jaya, 47301 Petaling Jaya, Selangor	327,500	0.06	-	-

INFORMATION ON EATECH (CONT'D)

Name	Designation/ Date of appointment	Nationality	Address	Direct		Indirect	
				No. of Shares held	%*	No. of Shares held	%
Rozan Mohd Sa'at	Independent Non-Executive Director/ 1 January 2007	Malaysian	No 35, Jalan Padi Huma Satu, Bandar Baru Uda, 81200 Johor Bahru, Johor	327,500	0.06	-	-
Ir. Dr Mohd Shahreen Zainooreen Madros	Independent Non-Executive Director/ 1 October 2019	Malaysian	No 2, USJ 12/2E, UEP Subang Jaya, 47630 Subang Jaya, Selangor	-	-	-	-
Aziah Ahmad	Non-Independent Non- Executive Director/ 2 October 2017	Malaysian	No 40, Jalan Bukit Kempas 2/14, Taman Bukit Kempas, 81200 Johor Bahru, Johor	-	-	-	-

Note:

* Based on the total issued share capital of 530,500,000 EATECH Shares as at the LPD.

INFORMATION ON EATECH (CONT'D)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Group based on its audited consolidated financial statements for the past 3 FYEs from 31 December 2021 to 31 December 2023 and the latest unaudited FPE 31 March 2024 are as follows:

	Audited FYE 31 December			Unaudited
	2021	2022	2023	FPE 31
	RM'000	RM'000	RM'000	March 2024
Revenue	160,556	153,640	133,079	31,203
PBT/(LBT)	(149,532)	8,977	29,879	6,894
Profit/(Loss) attributable to owners of the Company	(150,644)	16,297	23,692	6,894
Weighted average no. of EATECH Shares in issue ('000)	530,500	530,500	530,500	530,500
Dividend per Share (sen)	-	-	-	-
Basic EPS/(LPS) (sen)	(28.40)	3.07	4.47	1.30

There is no item, transaction or event of a material and unusual nature that has arisen in the periods under review in the audited consolidated financial statements of EATECH for the past 3 financial years up to the FYE 31 December 2023 and the latest unaudited FPE 31 March 2024 save as disclosed below:

- (i) reversal of impairment loss of vessels amounting to RM12.96 million for the FYE 2022;
- (ii) net waiver amount owing to Sindora amounting to RM1.71 million for the FYE 31 December 2023;
- (iii) the Company has been classified as an affected listed issuer since 25 February 2022 as it had triggered the criteria prescribed under paragraph 8.04 and paragraph 2.1(e) of PN17 of the Listing Requirements;
- (iv) the SOA with scheme creditors which took effect on 12 January 2023; and
- (v) net write-back amount due to creditors of RM3.04 million as no proof of debts were submitted by the relevant creditors under the SOA for the FYE 31 December 2023.

INFORMATION ON EATECH (CONT'D)
7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of the financial position of the Group for the past 3 FYEs, from 31 December 2021 to 31 December 2023 and the latest unaudited FPE 31 March 2024 are as follows:

	Audited FYE 31 December			Unaudited
	2021	(Restated) 2022	2023	31 March 2024
	RM'000	RM'000	RM'000	RM'000
Assets				
Property, vessels and equipment	424,093	411,994	393,329	387,326
Right-of-use assets	1,789	1,977	1,946	1,892
Deferred tax assets	-	6,604	708	708
Total non-current assets	425,882	420,575	395,983	389,926
Inventories	107	1,042	99	99
Trade and other receivables	19,172	24,587	31,799	32,165
Tax recoverable	447	216	33	41
Deposits	4,165	17,971	11,416	31,527
Cash and bank balances	6,442	42,631	31,028	6,723
Non-current assets held for sale	104,334	19,892	14,290	14,580
Total current assets	134,667	106,339	88,665	85,135
Total assets	560,549	526,914	484,648	475,061
Equity				
Share capital	179,755	179,755	179,755	179,755
Accumulated loss	(162,291)	(145,994)	(122,302)	(115,408)
Total equity attributable to owners of the Company	17,464	33,761	57,453	64,347
Liabilities				
Loans and borrowings	-	121,737	84,266	81,110
Lease liabilities	2,218	2,170	2,386	2,337
Deferred tax liabilities	880	-	-	-
Other payables	-	-	12,849	12,849
Total non-current liabilities	3,098	123,907	99,501	96,296
Trade and other payables	321,293	317,047	286,435	281,978
Lease liabilities	110	384	183	186
Loans and borrowings	218,013	51,491	40,923	32,254
Current tax liabilities	571	324	153	-
Total current liabilities	539,987	369,246	327,694	314,418
Total liabilities	543,085	493,153	427,195	410,714
Total equity and liabilities	560,549	526,914	484,648	475,061

As at the LPD, save as disclosed in announcements made by EATECH on Bursa Securities (including quarterly results of EATECH), within the knowledge of EATECH, there is no known material change in the financial position or prospects of EATECH subsequent to the latest audited consolidated financial statements for the FYE 31 December 2023.

INFORMATION ON EATECH (CONT'D)

8. BORROWINGS

As at 31 March 2024, which is not more than 3 months preceding the LPD, the EATECH Group's interest-bearing borrowings are as follows:

Interest-bearing borrowings	RM'000
Non-current	
- Term loan	81,110
- Lease liabilities	2,337
Total non-current borrowings	83,447
Current	
- Term loan	30,112
- Revolving credits	2,142
- Lease liabilities	186
Total current borrowings	32,440
Total	115,887

9. CHANGES IN ACCOUNTING POLICIES

Based on the audited consolidated financial statements of EATECH for FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, the financial statements have been prepared in accordance with approved accounting standards. Further, there was no audit qualification for EATECH's financial statements for respective years under review save for in FYE 31 December 2021, the Group's external auditors had expressed a disclaimer of opinion on the financial statements of the Group and of the Company on the basis that the Group and the Company reported net losses and net current liability position.

There is no change in the accounting standards adopted by EATECH, which would result in a material variation to the comparable figures for the audited consolidated financial statements of EATECH for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023.

10. MATERIAL COMMITMENTS, CONTINGENT LIABILITIES, MATERIAL LITIGATION AND MATERIAL CONTRACTS

The material commitments, contingent liabilities, material contracts and material litigation, claims or arbitration of the Group are disclosed in Appendix VII of the Circular.

INFORMATION ON EATECH (CONT'D)

11. HISTORICAL MARKET PRICE OF EATECH SHARES

The highest and lowest market prices and the closing prices at the end of each month of EATECH Shares for the period commencing from May 2023 up to the LPD are set out below:

	Highest market price	Lowest market price	Closing market price as at the last Market Day of the month
	RM	RM	RM
<u>2023</u>			
May	0.195	0.160	0.160
June	0.205	0.155	0.180
July	0.190	0.140	0.140
August	0.275	0.150	0.270
September	0.275	0.235	0.275
October	0.350	0.255	0.330
November	0.385	0.285	0.290
December	0.340	0.260	0.325
<u>2024</u>			
January	0.335	0.255	0.255
February	0.270	0.240	0.255
March	0.335	0.260	0.310
April	0.360	0.315	0.355
Last transacted market price as at the LTD			0.340
Last transacted market price as at the LPD			0.320
Closing market price from May 2023 up to the LPD:			
- Highest on 23 May 2024			0.405
- Lowest on 31 July 2023			0.140

(Source: Bloomberg)

INFORMATION ON DATUK WIRA MUBARAK, VSB AND THEIR PAC

1. INFORMATION ON DATUK WIRA MUBARAK

Datuk Wira Mubarak, a Malaysian aged 47, is a shareholder and director of VSB.

As at LPD, he does not hold any directorship or shareholdings in EATECH.

Please refer to **Section 2.1.2 of Part A** of the Circular and **Section 17.3 of Appendix I(C)** of the Circular for more information of Datuk Wira Mubarak.

2. INFORMATION ON VSB**2.1. HISTORY AND PRINCIPAL ACTIVITIES**

VSB (Registration No.: 201401035746 (1111874-W)) was incorporated in Malaysia on 3 October 2014 as a private company under the Companies Act, 1965 and is deemed to be validly incorporated under the Act. As at the LPD, VSB's principal activities are investment holding and investment in shares in listed and unlisted companies. As at the LPD, VSB has not commenced operations.

VSB's registered address is No. 5-4-2, Jalan 2/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur and the correspondence address is No. 16-2, Jalan 3/27F, Off Jalan Genting Klang, Wangsa Maju, 53300 Kuala Lumpur.

2.2. SHARE CAPITAL**2.2.1. Issued share capital**

The paid-up share capital of VSB as at the LPD is as follows:

	No. of shares	Total
	Units	RM
Issued and paid-up	2,000,000	2,000,000

As at the LPD, VSB does not have any shares held as treasury shares.

2.2.2. Changes in the issued share capital

As at the LPD, there is no change in the issued share capital of VSB since the end of the FYE 31 December 2023.

2.2.3. Convertible securities

As at the LPD, VSB does not have any convertible securities.

INFORMATION ON DATUK WIRA MUBARAK, VSB AND THEIR PAC (CONT'D)

2.3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of VSB (holding 5% or more in the share capital of VSB) and their shareholdings as disclosed in the Register of Substantial Shareholders as at the LPD are as follows:

Name	Direct		Indirect	
	No. of shares held	%*	No. of shares held	%
Datuk Wira Mubarak Hussain Bin Akhtar Husin	1,400,000	70%	-	-
Dato' Lai Keng Onn	600,000	30%	-	-

Note:

* Based on the total issued share capital of VSB of 2,000,000 shares as at the LPD.

2.4. SUBSIDIARY COMPANY AND ASSOCIATED COMPANY OF VSB

As at the LPD, details of the subsidiary of VSB are as follows:

Name of subsidiary	Place of incorporation	Effective ownership interest	Principal activities
Maju Cosmos Sdn Bhd	Malaysia	75%	Growing of rubber trees (estate)

As at the LPD, VSB does not have any associated company.

INFORMATION ON DATUK WIRA MUBARAK, VSB AND THEIR PAC (CONT'D)
2.5. DIRECTORS

The particulars of the directors and their respective shareholdings in VSB as at the LPD are as follows:

Name	Designation/ Date of appointment	Nationality	Address	Direct		Indirect	
				No. of Shares held	%* %	No. of Shares held	% %
Datuk Wira Mubarak Hussain Bin Akhtar Husin	Director/ 9 December 2019	Malaysian	No. 12, Jalan Sri Gombak Height, Taman Sri Gombak Height, 68100 Batu Caves, Selangor.	1,400,000	70%	-	-
Dato' Lai Keng Onn	Director/ 23 October 2023	Malaysian	13A, Villa Yarl, Jalan Awan Selimpat, Taman Yarl, 58200 Kuala Lumpur.	600,000	30%	-	-

Note:

* Based on the total issued share capital of VSB of 2,000,000 shares as at the LPD.

INFORMATION ON DATUK WIRA MUBARAK, VSB AND THEIR PAC (CONT'D)
2.6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of VSB based on its audited financial statements for the past 3 FYEs from 31 December 2021 to 31 December 2023 are as follows:

	Audited FYE 31 December		
	2021	2022	2023
	(Company)	(Group*)	(Group*)
	RM	RM	RM
Revenue	-	-	-
LBT	(4,688)	(8,258)	(1,033)
Loss attributable to:			
- Owners of the company	(4,688)	(7,368)	(1,576)
- Non-controlling interests	-	(890)	(443)
	<u>(4,688)</u>	<u>(8,258)</u>	<u>(2,019)</u>
Number of shares in issue ('000)	100	100	2,000
Dividend per share (sen)	-	-	-
Basic LPS (sen)	(4.69)	(8.26)	(0.10)

Note:

* Including its subsidiary, *Maju Cosmos Sdn Bhd*

There is no item, transaction or event of a material and unusual nature that has arisen in the periods under review in the audited financial statements of VSB for the past 3 financial years up to the FYE 31 December 2023.

2.7. STATEMENT OF ASSETS AND LIABILITIES

The audited statements of financial position of VSB for the past 3 FYEs, from 31 December 2021 to 31 December 2023 are as follows:

	Audited FYE 31 December		
	2021	2022	2023
	(Company)	(Group*)	(Group*)
	RM	RM	RM
Assets			
Goodwill	-	6,847	6,847
Investment in subsidiary	-	-	-
Total non-current assets	<u>-</u>	<u>6,847</u>	<u>6,847</u>
Other receivables, deposits and prepayments	-	-	3,000,000
Fixed deposit	386,422	393,727	-
Cash and bank balances	147,066	14,299	214,518
Total current assets	<u>533,488</u>	<u>408,026</u>	<u>3,214,518</u>
Total assets	<u><u>533,488</u></u>	<u><u>414,873</u></u>	<u><u>3,221,365</u></u>

INFORMATION ON DATUK WIRA MUBARAK, VSB AND THEIR PAC (CONT'D)

	Audited FYE 31 December		
	2021 (Company)	2022 (Group*)	2023 (Group*)
	RM	RM	RM
Equity			
Share capital	100,000	100,000	2,000,000
Accumulated loss	(28,362)	(35,730)	(37,306)
Total equity attributed to the owners of the company	71,638	64,270	1,962,694
Non-controlling interests	-	(3,173)	(3,616)
Total equity	71,638	61,097	1,959,078
Other payables and accruals	445,553	326,157	333,641
Amount due to directors	16,297	27,619	927,660
Current tax liabilities	-	-	986
Total current liabilities	461,850	353,776	1,262,287
Total equity and liabilities	533,488	414,873	3,221,365

Note:

* Including its subsidiary, *Maju Cosmos Sdn Bhd*

The board of VSB confirms that there are no known material changes in VSB's financial position subsequent to its latest audited financial statements for the FYE 31 December 2023 save for those disclosed in the audited financial statements.

2.8. BORROWINGS

As at 31 March 2024, which is not more than 3 months preceding the LPD, VSB does not have any interest-bearing borrowings.

2.9. CHANGES IN ACCOUNTING POLICIES

Based on the audited consolidated financial statements of VSB for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, the financial statements have been prepared in accordance with approved accounting standards. Further, there was no audit qualification for VSB's financial statements for the respective years under review.

There is no change in the accounting standards adopted by VSB, which would result in a material variation to the comparable figures for the audited consolidated financial statements of VSB for the FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023.

3. INFORMATION ON DATO' LAI

Dato' Lai, a Malaysian aged 55, is a shareholder and director of VSB.

As at the LPD, he does not hold any directorship or shareholdings in EATECH.

Please refer to **Section 2.1.2 of Part A** of the Circular and **Section 17.3 of Appendix I(C)** of the Circular for more information of Dato' Lai.

1. BACKGROUND AND HISTORY

EATECH was incorporated in Malaysia under the Companies Act 1965 on 18 January 1993 as a private limited company under the name of E.A. Technique (M) Sdn Bhd. The Company converted into a public limited company under the name of E.A. Technique (M) Berhad on 27 March 2014 and was subsequently listed on the Main Market of Bursa Securities on 11 December 2014.

EATECH is predominantly an owner and operator of marine vessels, where its business is focused on marine transportation and offshore storage of oil and gas, and provision of port marine services.

Since the incorporation of the Company, it has been involved in the provision of marine consultancy services and cargo broking.

It expanded its service offerings in 1995 to include marine vessel operations. In the same year, the Company obtained the license and registered with PETRONAS and the Ministry of Finance (“**MOF**”) to enable it to provide its services to the O&G industry within Malaysia. In 1997, the Company secured its first charter vessel contract with Petronas Dagangan Berhad for the time charter of its product tanker.

Subsequently in 2004, the Group further expanded into the provision of port marine services by securing a contract for time charter of harbour tugboats from Kertih Port Sdn Bhd, a subsidiary of PETRONAS. In 2007, the Group expanded into chartering of OSV to O&G companies in Malaysia, as well as ventured into shipbuilding activities to support its existing marine vessel operations.

In 2012, the Group entered into a lease agreement for the construction of a new shipyard in Hutan Melintang, Perak which was completed in October 2013. Throughout the years since incorporation, the Group managed to successfully secure additional charter vessel contracts supported by its increase in fleet and operating capacity.

In 2014, the Group acquired an oil tanker and converted it to a FSO, namely, Nautica Tembikai. From 2014 to 2021, the Group managed to further expand its operations by securing additional contracts, as well as renewing expiring contracts, which include amongst others, additional time charter contracts for its CCP tankers, FSO services, harbour tugboat services, mooring services and tugboat services. The ongoing contracts secured are disclosed in **Appendix I(C)** of this Circular.

On 25 February 2022, EATECH announced that the Company is classified as an affected listed issuer under PN17 of the Listing Requirements as the Company has triggered the prescribed criteria pursuant to paragraph 8.04 and paragraph 2.1(e) of PN17 of the Listing Requirements, whereby its shareholders’ equity as at 31 December 2021 of RM5.9 million is less than 50% of its share capital of RM179.8 million.

On 28 February 2022, EATECH announced that the Company had obtained from the High Court a Restraining Order pursuant to subsection 368(1) of the Act and an Order pursuant to subsection 366(1) of the Act, as part of EATECH’s overall restructuring and rehabilitation plan by way of a proposed scheme of arrangement with its creditors.

On 5 August 2022, the Board announced that the Company proposed to undertake a proposed disposal of 3 unutilised marine vessels. The proposed disposal was part of the Group’s efforts to regularise its financial condition, acquire a suitable ready-made vessel for execution of the new harbour tug contract for Sungai Udang Port and as a precursor to the Proposed Regularisation Plan. The proposed disposal was approved by the shareholders of the Company on 12 September 2022. Two (2) of the vessels, namely Nautica Kota Tinggi and Nautica Maharani were disposed in October 2022 whilst the remaining vessel, Nautica Muar, was disposed of in September 2023. As at LPD, Nautica Tembikai has been laid-up after completing its last contract on 22 August 2023 and the Group is actively seeking for a prospective buyer to dispose of the vessel to avoid bearing the maintenance and laid-up costs.

APPENDIX I (A) – INFORMATION ON THE EATECH GROUP (CONT'D)

Subsequently, the proposed acquisition of the new harbour tug for Sungai Udang Port was approved by the shareholders of the Company on 25 October 2022 and this acquisition was completed on 12 January 2023.

2. SHARE CAPITAL

As at LPD, the issued share capital of EATECH is RM179,755,000.00 comprising 530,500,000 EATECH Shares. As at LPD, EATECH does not have any shares held as treasury shares.

3. BOARD OF DIRECTORS

As at LPD, the Directors of the Company and their respective shareholdings in the Company are as follows:-

Name/ (Designation)	Date of appointment	As at LPD			
		Direct	%	Indirect	%
Dato' Mohd Redza Shah Abdul Wahid/ (Independent Non-Executive Chairman)	14 February 2020	-	-	-	-
Datuk Mohd Nasir Ali/ (Independent Non-Executive Director)	17 October 2014	327,500	0.06	-	-
Rozan Mohd Sa'at/ (Independent Non-Executive Director)	1 January 2007	327,500	0.06	-	-
Ir. Dr Mohd Shahreen Zainooreen Madros/ (Independent Non-Executive Director)	1 October 2019	-	-	-	-
Aziah Ahmad/ (Non-Independent Non-Executive Director)	2 October 2017	-	-	-	-

All the directors are Malaysian.

4. SUBSTANTIAL SHAREHOLDERS

As at LPD, the substantial shareholders of the Company and their respective shareholdings in the Company are as follows:

	Date emerged as substantial shareholder	As at LPD			
		Direct	%	Indirect	%
Sindora	11 December 2014	265,500,000	50.05	-	-
Kulim Berhad	11 December 2014	12,884,300	2.43	265,500,000 ⁽ⁱ⁾	50.05
Johor Corporation	11 December 2014	-	-	278,384,300 ⁽ⁱⁱ⁾	52.48

Notes:-

- (i) Deemed interested by virtue of its shareholding in Sindora pursuant to section 8 of the Act;
- (ii) Deemed interested by virtue of its shareholding in Kulim Berhad pursuant to section 8 of the Act.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, the subsidiaries of the Company are as follows:-

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Johor Shipyard and Engineering Sdn Bhd (Registration No. 200701041544 (799576-U))	Malaysia	100	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy
Libra Perfex Precision Sdn Bhd (Registration No. 200501029305 (711440-P))	Malaysia	100	Hiring and chartering of marine vessels

As at LPD, the Company does not have any dormant subsidiaries.

As at LPD, the Company does not have any associated company.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP

1. Summary of business operations

EATECH Group is a local marine company that owns and operates marine vessels where the Group mainly focus on marine transportation and offshore storage of oil & gas, and provision of port marine services. Its principal activities are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels.

2. Historical financial statements

2.1 Consolidated statements of comprehensive income

The following table sets out a summary of the audited consolidated statements of comprehensive income for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 and unaudited consolidated statements of comprehensive income for the FPE 31 March 2024.

Section		Audited				Unaudited	
		FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 ⁽ⁱ⁾ (Restated) <i>RM'000</i>	FYE 31 December 2021 <i>RM'000</i>	FYE 31 December 2022 ⁽ⁱⁱ⁾ (Restated) <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
Revenue	4(i)	271,872	303,193	160,556	153,640	133,079	31,203
Cost of sales	4(ii)	(194,933)	(299,116)	(134,093)	(128,693)	(85,559)	(17,259)
Gross profit	4(iii)	76,939	4,077	26,463	24,947	47,520	13,944
Other income	4(iv)	10,303	4,583	7,215	21,030	11,343	6
Administrative expenses	4(v)	(29,357)	(29,921)	(33,628)	(27,735)	(20,884)	(5,494)
Impairment losses and write off of property, plant and equipment (“PPE”)	4(vi)	(2,906)	(78,913)	(135,247)	-	-	-
Profit/(Loss) from operations		54,979	(100,174)	(135,197)	18,242	37,979	8,456
Finance income		268	298	127	224	243	175
Finance cost	4(vii)	(22,567)	(18,741)	(14,462)	(9,489)	(8,343)	(1,737)
Profit before tax (“PBT”)/ Loss before tax (“LBT”)		32,680	(118,617)	(149,532)	8,977	29,879	6,894
Tax expense	4(viii)	3,716	13,080	(1,112)	7,320	(6,187)	-
Profit after tax (“PAT”)/ Loss after tax (“LAT”)		36,396	(105,537)	(150,644)	16,297	23,692	6,894

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

Section	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 ⁽ⁱ⁾ (Restated)	FYE 31 December 2021	FYE 31 December 2022 ⁽ⁱⁱ⁾ (Restated)	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT/(LAT)	36,396	(105,537)	(150,644)	16,297	23,692	6,894
<u>Adjusted: One-off items</u>						
Consultancy fee ⁽ⁱⁱⁱ⁾	-	-	-	-	(867)	-
Net write off amount due to creditors ^(iv)	-	-	-	-	(3,035)	-
Net waiver from intercompany ^(v)	-	-	-	-	(1,705)	-
Net PAT/(LAT) in accordance to paragraph 2.2(e) of PN17	36,396	(105,537)	(150,644)	16,297	18,085	6,894
Gross profit margin (%)	28.30	1.34	16.48	16.24	35.71	44.69
PBT/(LBT) margin (%)	12.02	(39.12)	(93.13)	5.84	22.45	22.09
PAT/(LAT) margin (%)	13.39	(34.81)	(93.83)	10.61	17.80	22.09
Weighted average number of Shares (‘000)	504,000	530,500	530,500	530,500	530,500	530,500
Basic EPS/ Loss per share (“LPS”) (sen)	7.22	(19.89)	(28.40)	3.07	4.47	1.30

Notes:-

- (i) Restated due to recognition of reversal of the additional impairment losses provided retrospectively.
- (ii) Restated due to over-recognition of unutilized capital allowances in the year of assessment 2021 tax returns, which was used as a basis for arriving at deferred tax assets in the FYE 31 December 2022.
- (iii) Consultancy fee in relation to the consultation services charged to the buyer of the Nautica Muar.
- (iv) Net of tax of the write off amount due to creditors based on the proof of debts received from the relevant creditors.
- (v) Net of tax of the waiver of amount owing to Sindora amounted to RM2.0 million.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

2.2 Consolidated statement of financial position

Section	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 ⁽ⁱ⁾ (Restated)	FYE 31 December 2021	FYE 31 December 2022 ⁽ⁱⁱ⁾ (Restated)	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Non-current assets	5(i)					
Property, plant and equipment	772,620	590,497	424,093	411,994	393,329	387,326
Deferred tax assets	68	99	-	6,604	708	708
Right-of-use assets	61,352	8,685	1,789	1,977	1,946	1,892
	834,040	599,281	425,882	420,575	395,983	389,926
Current assets	5(ii)					
Inventories	238	203	107	1,042	99	99
Trade and other receivables	53,703	28,760	19,172	24,587	31,799	32,165
Tax recoverable	2,618	1,025	447	216	33	41
Deposits	-	-	4,165	17,971	11,416	31,527
Cash and cash equivalents	22,606	17,330	6,442	42,631	31,028	6,723
	79,165	47,318	30,333	86,447	74,375	70,555
Non-current asset held for sale	-	90,407	104,334	19,892	14,290	14,580
	79,165	137,725	134,667	106,339	88,665	85,135
Total assets	913,205	737,006	560,549	526,914	484,648	475,061
Equity attributable to owners of the Company	5(iii)					
Share capital	169,100	179,755	179,755	179,755	179,755	179,755
Retained earnings/ (Accumulated losses)	93,890	(11,646)	(162,291)	(145,994)	(122,302)	(115,408)
Total equity	262,990	168,109	17,464	33,761	57,453	64,347

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

Section	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 ⁽ⁱ⁾ (Restated)	FYE 31 December 2021	FYE 31 December 2022 ⁽ⁱⁱ⁾ (Restated)	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES						
Non-current liabilities						
Trade and other payables	-	-	-	-	12,849	12,849
Lease liabilities	22,045	2,335	2,218	2,170	2,386	2,337
Loans and borrowings	183,956	35,097	-	121,737	84,266	81,110
Deferred tax liabilities	13,779	427	880	-	-	-
	219,780	37,859	3,098	123,907	99,501	96,296
Current liabilities						
Trade and other payables	232,051	322,052	321,293	317,047	286,435	281,978
Contract liabilities	15,610	-	-	-	-	-
Lease liabilities	33,484	7,013	110	384	183	186
Loans and borrowings	149,285	201,894	218,013	51,491	40,923	32,254
Current tax liabilities	5	79	571	324	153	-
	430,435	531,038	539,987	369,246	327,694	314,418
Total liabilities	650,215	568,897	543,085	493,153	427,195	410,714
Total equity and liabilities	913,205	737,006	560,549	526,914	484,648	475,061

Notes:-

- (i) Restated due to recognition of reversal of the additional impairment losses provided retrospectively.
- (ii) Restated due to over-recognition of deferred tax assets in the FYE 31 December 2022.

3. Liquidity and capital resources

3.1 Working capital

The Group has been financing the operations through existing cash and bank balances, cash generated from the operations and external sources of funds i.e. term loan and project financing. As at 31 December 2023, the Group’s cash and cash equivalents consists of cash and bank balances and fixed and security deposits pledged with licensed banks of approximately RM42.4 million. As at 31 March 2024, the Group’s deposits and cash and cash equivalents balance amounting to RM38.3 million.

The decision to utilise either internally generated funds or borrowings for the business operations depends on, amongst others, the available cash and bank balances at the material time, expected cash inflows from the operations, future working capital and capital expenditure requirements and interest rate on borrowings.

The Board is of the opinion that, after taking into consideration for the following:

- (i) the gross proceeds to be raised from the Asset Disposal Program, Proposed Shares Issuance and the pro forma cash flows position of the Group upon the completion of the Proposed Regularisation Plan.
- (ii) the contracts secured up to the LPD, as set out in **Section 2 of Appendix I(C)** of this Circular; and
- (iii) the future plans and strategies of the Group which is aimed to expand the business through, amongst others, securing additional charter vessel contracts, acquisition and construction of additional vessels and venture into late life assets,

is of the view that the Group will have sufficient working capital available for a period of 12 months from the date of this Circular.

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APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

3.2 Historical statement of cash flows

The following table sets out a summary of the audited consolidated statements of cash flows for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023.

Section	Audited					Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 (i)(Restated)	FYE 31 December 2021	FYE 31 December 2022 (ii)(Restated)	FYE 31 December 2023	FPE 31 March 2024	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Net cash generated from/ (used in) operating activities	3.2(i)	143,369	200,293	(14,675)	23,249	35,478	6,267
Net cash (used in)/ generated from investing activities	3.2(ii)	(60,222)	(93,306)	(35,201)	58,334	1,133	(18,581)
Net cash (used in)/ generated from financing activities	3.2(iii)	(74,813)	(111,326)	46,109	(42,361)	(45,763)	(11,991)
Net (decrease)/ increase in cash and cash equivalents		8,334	(4,339)	(3,767)	39,222	(9,152)	(24,305)
Cash and cash equivalents at the beginning of the financial year		730	9,064	4,725	958	40,180	31,028
Cash and cash equivalents at the end of the financial year		9,064	4,725	958	40,180	31,028	6,723
Cash and bank balances		14,577	9,984	6,442	13,605	31,028	6,723
Fixed and security deposits with licensed banks		8,029	7,346	-	29,026	-	-
		22,606	17,330	6,442	42,631	31,028	6,723
Less: Bank overdrafts		(5,514)	(5,259)	(5,484)	(2,451)	-	-
		17,092	12,071	958	40,180	31,028	6,723
Less: Fixed and security deposits pledged with licensed banks		(8,028)	(7,346)	-	-	-	-
Cash and cash equivalents at the end of the financial year		9,064	4,725	958	40,180	31,028	6,723

Notes:-

- (i) Restated due to recognition of reversal of the additional impairment losses provided retrospectively.
- (ii) Restated due to over-recognition of deferred tax assets in the FYE 31 December 2022.

(i) Net cash generated from/(used in) operating activities

FYE 31 December 2019 (“FYE 2019”)

The Group had a net cash inflow generated from operating activities of RM143.4 million for the FYE 2019 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM140.0 million after adjusting its PBT of RM32.7 million for, amongst others, depreciation of PPE of RM79.2 million, impairment loss of PPE of RM2.9 million, depreciation of rights-of-use of assets of RM7.4 million and unrealised foreign exchange gain of RM3.9 million;
- (b) increase in trade and other receivables of RM5.6 million which was mainly due to accrued revenue for Temporary Storage Tanker (“TST”) Sepat project. The TST Sepat project is a time charter contract which the Group accrues revenue based on the tenure of the contract. For information, for the TST Sepat project, the Group is required to undertake additional services on the chartered vessel. As such, the Group could only invoice the customer upon receiving the certificate of operability from PETRONAS. As at LPD, the project is completed and full payment has been made by the customer; and
- (c) increase in trade and other payables of RM30.4 million which was mainly due to TST Sepat projects.

FYE 31 December 2020 (“FYE 2020”)

The Group had a net cash inflow generated from operating activities of RM200.3 million for the FYE 2020 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM122.4 million after adjusting its LBT of RM118.6 million for, amongst others, depreciation of PPE of RM98.6 million, impairment loss of PPE of RM78.9 million, depreciation of the rights-of-use assets of RM38.4 million and unrealised foreign exchange gain of RM1.1 million;
- (b) decrease in trade and other receivables of RM25.0 million which was mainly due to payment received from clients for Nautica Tembikai and Nautica Muar as well as for TST Sepat project; and
- (c) increase in trade and other payables of RM65.9 million which was mainly due to increase in the cost as a result of additional request for rectification work from the contract customer.

FYE 31 December 2021 (“FYE 2021”)

The Group had a net cash outflow used in operating activities of RM14.7 million for the FYE 2021 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM68.9 million after adjusting its LBT of RM149.6 million for, amongst others, depreciation of PPE of RM43.5 million, impairment loss of PPE of RM135.2 million, loss on disposal of PPE of RM12.2 million, depreciation of the rights-of-use assets of RM6.8 million and unrealised foreign exchange loss of RM4.6 million;
- (b) decrease in trade and other receivables of RM9.3 million which was mainly due to receipt of payment from insurance claims and lower revenue contribution from the TST Sepat project which was completed in September 2020. For information, the insurance claims relate to loss of hire of Nautica Batu Bahat (tanker) as a result of damage of its main engine gearbox; and

- (c) decrease in trade and other payables and contract liabilities of RM86.1 million which was mainly due to payment made to Malaysia Marine and Heavy Engineering Sdn Bhd (“MMHE”) and the shipbuilder for the construction of 2 new tankers.

FYE 31 December 2022 (“FYE 2022”)

The Group had a net cash inflow generated from operating activities of RM23.2 million for the FYE 2022 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM48.8 million after adjusting its PBT of RM9.0 million for, amongst others, depreciation of PPE of RM39.5 million, reversal of impairment loss of PPE of RM13.0 million, gain on disposal of PPE of RM2.2 million, depreciation of the rights-of-use assets of RM0.2 million and unrealised foreign exchange loss of RM4.7 million;
- (b) increase in trade, other receivables and contract assets of RM6.7 million which was mainly due to delay collection period on spot charter of NKL2 & NPT2 (RM3.7 million) and Northport (Malaysia) Berhad (RM1.6 million). The delay was due to the verification of the services rendered by the parties; and
- (c) decrease in trade and other payables and contract liabilities of RM8.5 million which was mainly due to reversal of provision made for late payment charges and repayment made to creditors with short credit term.

FYE 31 December 2023 (“FYE 2023”)

The Group had a net cash inflow generated from operating activities of RM35.48 million for the FYE 2023 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM68.5 million after adjusting its PBT of RM29.9 million for, amongst others, depreciation of PPE of RM31.0 million, gain of disposal of PPE of RM1.3 million, reversal of impairment loss of PPE of RM0.1 million, reversal for impairment losses on receivable of RM0.6 million and unrealised foreign exchange loss of RM0.7 million;
- (b) increase in trade, other receivables and contract assets of RM6.8 million which was mainly due to security deposit paid in relation to legal case with Karina amounting to RM10.5 million; and
- (c) decrease in trade and other payables of RM18.8 million which was mainly due to repayment made to creditors with short credit term.

FPE 31 March 2024

The Group had a net cash inflow generated from operating activities of RM6.3 million for the FPE 31 March 2024 after accounting for, amongst others, the following:

- (a) operational profit before changes in working capital of RM15.2 million after adjusting its PBT of RM6.9 million for, amongst others, depreciation of PPE of RM6.1 million, finance costs of RM1.7 million and unrealised foreign exchange loss of RM0.6 million;
- (b) increase in trade, other receivables and contract assets of RM2.2 million which was mainly due prepayments due to debit note issued by insurance broker in advance; and
- (c) decrease in trade and other payables of RM5.0 million which was mainly due to repayment made to creditors with short credit term.

(ii) Net cash (used in)/generated from investing activities

FYE 2019

The Group had a net cash outflow used in investing activities of RM60.2 million for the FYE 2019 after accounting for the following:

- (a) net redemption in short term deposits, fixed and security deposits pledged of RM0.2 million; and
- (b) purchase of PPE i.e. vessels and construction of equipment of RM60.0 million

FYE 2020

The Group had a net cash outflow used in investing activities of RM93.3 million for the FYE 2020 after accounting for the following:

- (a) net redemption in short term deposits, fixed and security deposits pledged of RM0.4 million;
- (b) receipt of proceeds from the disposals of vessels of RM14.0 million; and
- (c) purchase of PPE (i.e. vessels and construction of vessels) of RM107.0 million.

FYE 2021

The Group had a net cash outflow used in investing activities of RM35.2 million for the FYE 2021 after accounting for the following:

- (a) net placement in short term deposits and pledge of fixed and security deposits of RM2.9 million;
- (b) receipt of proceeds from the disposals of vessels of RM20.3 million; and
- (c) purchase of PPE (i.e. vessels and construction of vessels) of RM58.4 million.

FYE 2022

The Group had a net cash inflow generated from investing activities of RM58.3 million for the FYE 2022 after accounting for the following:

- (a) net placement in short term deposits and pledge of fixed and security deposits of RM13.8 million;
- (b) Drydocking cost incurred during the year for 6 vessels (i.e. Nautica Tg Puteri XI, Nautica Tg Puteri XII, Nautica Tg Puteri XV, Nautica Tg Puteri XXVII, Nautica Tg Puteri XXVIII and Nautica Gambir) of RM10.4 million; and
- (c) receipts of proceeds from the disposals of 4 tankers and 7 tugboats of RM82.5 million.

FYE 2023

The Group had a net cash inflow generated from investing activities of RM1.1 million for the FYE 2023 after accounting for the following:

- (a) net redemption in short term deposits and pledge of fixed and security deposits of RM6.6 million;
- (b) Drydocking cost incurred during the year for 5 vessels (i.e. Nautica Tg Puteri XII, Nautica Tg Puteri XV, Nautica Tg Puteri XVI, Nautica Tg Puteri XVII, Nautica Tg Puteri XXXVIII and Nautica Gambir) of RM8.9 million;
- (c) Acquisition of one tugboat, Nautica Tg. Puteri XXXVIII of RM26.6 million; and
- (d) Receipts of proceeds from the disposals of 1 tanker, Nautica Muar of RM21.1 million.

FPE 31 March 2024

The Group had a net cash outflow generated from investing activities of RM18.6 million for the FPE 31 March 2024 due to placement of short-term deposits of RM18.6 million.

(iii) Net cash (used in)/generated from financing activities

FYE 2019

The Group had a net cash outflow used in financing activities of RM74.8 million for the FYE 2019 after accounting for the following:

- (a) net repayment of conventional term loan of RM6.0 million;
- (b) net repayment of Islamic term financing facilities of RM58.2 million; and
- (c) net repayment of lease liabilities of RM10.7 million.

FYE 2020

The Group had a net cash outflow used in financing activities of RM111.3 million for the FYE 2020 after accounting for the following:

- (a) repayment of conventional term loan of RM34.9 million;
- (b) net repayment of Islamic term financing facilities of RM59.9 million;
- (c) net repayment of lease liabilities of RM27.2 million; and
- (d) receipt of proceeds from issuance of new shares of RM10.7 million

FYE 2021

The Group had a net cash inflow generated from financing activities of RM46.1 million for the FYE 2021 after accounting for the following:

- (a) repayment of conventional term loan of RM39.9 million;
- (b) net drawdown from Islamic term financing facilities of RM88.4 million;
- (c) advances from immediate holding company and other shareholders of RM3.7 million, that were used to repay creditors and some crucial payments, which include but not limited to insurance premiums, regulatory payments, operating costs for vessel dry docking and vessel operations. For information, the balance owing to immediate holding company and other shareholders form part of the amount due to scheme creditors; and
- (d) net repayment of lease liabilities of RM6.2 million.

FYE 2022

The Group had a net cash outflow used in financing activities of RM42.4 million for the FYE 2022 after accounting for the following:

- (a) repayment of conventional term loan of RM29.4 million;
- (b) repayment of Islamic term financing facilities of RM12.8 million; and
- (c) net repayment of lease liabilities of RM0.1 million.

FYE 2023

The Group had a net cash outflow used in financing activities of RM45.8 million for the FYE 2023 after accounting for the following:

- (a) repayment of conventional term loan of RM22.6 million;
- (b) repayment of Islamic term financing facilities of RM23.0 million; and
- (c) net repayment of lease liabilities of RM0.2 million.

FPE 31 March 2024

The Group had a net cash outflow used in financing activities of RM12.0 million for the FPE 31 March 2024 after accounting for the following:

- (a) repayment of conventional term loan of RM4.4 million;
- (b) repayment of Islamic term financing facilities of RM7.5 million; and
- (c) net repayment of lease liabilities of RM0.1 million.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

3.3 Key financial ratios

The key financial ratios of the Group are as follows:

		FYE '31		FYE 31	FYE 31	FYE 31	FPE 31
	Section	December 2019	December 2020 (Restated)	December 2021	December 2022	December 2023	March 2024
Current ratio (times) ^(a)	3.3.1	0.18	0.26	0.25	0.29	0.27	0.27
Gearing ratio (times) ^(b)	3.3.2	1.48	1.47	12.63	5.21	2.22	1.80
Receivables turnover period (day) ^(c)	3.3.3	39	12	16	31	21	-*
Payables turnover period (day) ^(d)	3.3.4	321	423	637	305	393	-*

Notes:-

- * Receivables and payables turnover period are computed based on the Group’s annual turnover and cost of sales respectively. As FPE 31 March 2024 is only for a period of 3 months, the computation of this metric is not applicable.
- (a) Computed based on current assets over current liabilities as at the end of the respective financial year.
- (b) Computed based on the total interest-bearing debt over total equity as at the end of the respective financial year.
- (c) Computed based on trade receivables as at the end of the respective financial year/period divided by the revenue for the respective financial year and multiplied by number of days in the respective financial year.
- (d) Computed based on trade payables as at the end of the respective financial year divided by the cost of sales (excluding the depreciation charges) for the respective financial year multiplied by number of days in the respective financial year.

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APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

3.3.1 Current ratio

	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current assets	79,165	137,725	134,667	106,339	88,665	85,135
Current liabilities	430,435	531,038	539,987	369,246	327,694	314,418
Net current liabilities	351,270	393,313	405,320	262,907	239,029	229,283
Current ratio (times)	0.18	0.26	0.25	0.29	0.27	0.27

The Group current ratio ranged from 0.18 times to 0.29 times for the financial years under review.

FYE 2019

There was no significant change in current ratio from FYE 2018 to FYE 2019.

FYE 2020

The current ratio increased from 0.18 times in FYE 2019 to 0.26 times in FYE 2020 due to the reclassification of vessels from non-current assets to assets held for sale amounting to RM90.4 million. These vessels were available for immediate sale in their present conditions and active programme to sell the asset has been initiated by the Group.

FYE 2021

The current ratio decreased slightly from 0.26 times in FYE 2020 to 0.25 times in FYE 2021 was mainly due to decrease in trade and other receivables which contributed from the receipt of insurance claim amounted to RM3.4 million, mainly related to loss of hire claims from Nautica Batu Pahat. For information, loss of hire claim is an insurance claim for loss of income when a vessel is unable to operate due to sustained damage. The amount claimed would be based on days (or part of days) when the vessel is off-hire.

FYE 2022

The current ratio increased from 0.25 times in FYE 2021 to 0.29 times in FYE 2022 mainly due to decrease in the loans and borrowings as a result of reclassification of loans and borrowings from current liabilities to non-current liabilities. The reclassification was due to the indulgence letter received from financial institutions in respect of loan covenant imposed. For information, EATECH’ loan covenant requires the Group to maintain a gearing ratio of less than 2.5 times. The tenure for the set-off is for a year period until 31 December 2023.

FYE 2023

The current ratio decreased slightly from 0.29 times in FYE 2022 to 0.27 times in FYE 2023 mainly due to repayment of loans and borrowings amounting to RM45.8 million.

FPE 31 March 2024

The current ratio remained at 0.27 times in FPE 31 March 2024.

As illustrated in **Section 7.3** above, upon completion of the Proposed Regularisation Plan and the SOA, the Group’s pro forma gearing ratio shall be at 0.49 times which is far below the threshold of 2.5 times. EATECH will not breach of the imposed gearing ratio covenant and/or be in default of payments. Accordingly, EATECH will not trigger paragraph 2.1(f) of PN17 upon completion of the Proposed Regularisation Plan and SOA.

3.3.2 Gearing ratio

	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022 (Restated)	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Total borrowings *	388,770	246,339	220,341	175,782	127,758	115,887
Total equity	262,990	168,109	17,464	33,761	57,453	64,347
Gearing ratio (times)	1.48	1.47	12.62	5.21	2.22	1.80

Note:-

* Total borrowings comprise of loans and borrowings, and lease liabilities.

FYE 2019

The gearing ratio decreased from 1.76 times in FYE 2018 to 1.48 times in FYE 2019 mainly due to the following:

- (a) decrease in the borrowings as a result of repayment; and
- (b) increase in equity base and the Group further recorded a PAT of RM36.4 million.

FYE 2020

The gearing ratio increased from 1.48 times in FYE 2019 to 1.47 times in FYE 2020 which was mainly due to decrease in total equity as a result of the Group recorded a LAT of RM105.5 million in FYE 2020.

FYE 2021

The gearing ratio increased significantly from 1.47 times in FYE 2020 to 12.62 times in FYE 2021 which was mainly due to the Group recorded a LAT of RM150.6 million in FYE 2021 which further reduce the equity base.

FYE 2022

The gearing ratio decreased from 12.62 times for FYE 2021 to 5.21 times in FYE 2022 which was mainly due to improvement in the financial performance of the Group which caused an increase in the equity base. Repayment of term loans and revolving credit of RM38.1 million and RM4.2 million respectively in FYE 2022 also contributed to the lower gearing ratio for FYE 2022.

FYE 2023

The gearing ratio improved further in FYE 2023 to 2.22 times as compared to 5.21 times in FYE 2022 which was due to improvement in the financial performance of the Group which in turn increased the equity base. It is also coupled with repayment of borrowings amounted to RM45.8 million in FYE 2023.

FPE 31 March 2024

The gearing ratio improved further in FPE 31 March 2024 to 1.80 times as compared to 2.22 times in FYE 2023 which was due to improvement in the financial performance of the Group which in turn increased the equity base. It is also coupled with repayment of borrowings amounted to RM11.8 million in FPE 31 March 2024.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

3.3.3 Trade receivables turnover period

The trade receivables turnover for the financial years under review are as follows:

	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade receivables (excluded accrued revenue)*	29,131	10,427	7,853	14,776	8,464
Less: Allowance for impairment	(21)	(608)	(608)	(1,906)	(732)
Net trade receivables	29,110	9,819	7,245	12,870	7,732
Revenue	271,872	303,193	160,556	153,640	133,079
Trade receivables turnover period (days)	39	12	16	31	21

Note:-

* To compute the trade receivables turnover period, the trade receivables excluded accrued revenue for services rendered but has not yet been billed to the customers.

The normal credit terms for the trade receivables of the Group is 30 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, amongst other, the customers’ payment history and credit worthiness and transaction volume. The Group will perform ageing analysis to monitor the credit quality of the trade receivables.

Trade receivables turnover period for FYE 2019 were higher than the normal credit terms by additional 9 days mainly due to a delinquent account of a debtor from the new project undertaken by the Group in 2018. The project was in relation to a charter hire of a tugboat, Nautica Tg. Puteri XXXIII for a duration of 6 months. For information, the Company had made the necessary provision for doubtful debts in FYE 2020.

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3.3.4 Trade payables turnover period

The trade payables turnover for the financial years under review are as follows:

	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables (excluded trade accruals and advances)	101,862	231,716	158,066	74,568	58,666
Cost of sales (excluded depreciation charges) #	115,778	200,497	90,614	89,163	54,546
Trade payables turnover period (days) *	321	423	637	305	393

Notes:-

To compute trade payables turnover period, cost of sales has excluded depreciation charges as it is capital in nature.

* Computed based on trade payables as at the end of the respective financial year/period divided by the cost of sales (excluding depreciation charges) for the respective financial year/period multiplied by number of days in the respective financial year.

The normal trade terms granted to the Group’s suppliers are ranges from 30 days to 90 days. The Group’s trade payables turnover period for the financial years under review were higher than the credit period granted due to longer period taken to repay trade payables as a result of the Group’s cash flows constraints.

The aforementioned cash flows constraint was mainly attributable to the large amounts owing to creditors which built up over the years coupled with the unavailability of trade facilities from financial institutions due to the Company’s PN17 status. Following the completion of the SOA and the Proposed Regularisation Plan, the Group will be able to finance its working capital requirements.

Since obtaining the Restraining Order from the High Court on 28 February 2022 and obtaining the sanction of the High Court to proceed with the SOA, the Group has not been engaged with any material litigation, claims or arbitration from trade payables despite the long payables turnover period. Nonetheless, the Group remains mindful of the risks associated to the delay in payments to its creditors, which includes amongst others, disruption to the supply chain, legal actions undertaken by suppliers, which in turn may adversely impact to the operations, reputation and financial performance of the Group. To mitigate such risks, the Group will continue to closely monitor its trade payables ageing, time its cash inflows, be in frequent communication with creditors to manage expectations and maintain good relationships.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

4. Commentary of historical financial performance

(i) Revenue

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Vessel charter hire income	267,379	243,726	119,531	124,637	102,170	24,282
Revenue from contract with customer	4,493	59,467	41,025	29,003	30,909	6,921
Revenue	271,872	303,193	160,556	153,640	133,079	31,203

FYE 2019

The revenue of the Group had decreased by RM147.1 million or 35.1% from RM419.0 million in FYE 2018 to RM271.9 million in FYE 2019. The decrease was mainly due to no contribution from EPCIC business throughout 2019 as a result of the last project was completed and delivered to the client in mid year of 2018, lower offtake from Petronas Floating Liquefied Natural Gas 1 tugboat operation as the client shifted its operation to Sabah in March 2019 and expiry of one of the short-term charter hire contracts.

FYE 2020

The revenue of the Group had increased by RM31.3 million or 11.5% from RM271.9 million in FYE 2019 to RM303.2 million in FYE 2020 which was mainly driven by the commencement of the TST Sepat project arising from the contract awarded by PETRONAS Carigali Sdn Bhd (“PCSB”) with a value of approximately RM84.2 million, whereby the Group will provide TST including station keeping and flexible riser tie-in for sepat derisk and early production system (“DEPS”) project.

FYE 2021

The revenue of the Group had decreased by RM142.6 million or 47.0% from RM303.2 million in FYE 2020 to RM160.6 million in FYE 2021 which was mainly due to the decrease in the revenue from vessel charter hire income as a result of the contracts for Nautica Muar, Nautica Batu Pahat, Nautica Maharani, Nautica Renggam and Temporary Storage Tanker (TST) Sepat project have expired in 2021.

FYE 2022

The revenue of the Group decreased by RM6.9 million or 4.3% from RM160.6 million in FYE 2021 to RM153.6 million in FYE 2022 mainly due to expiry of contracts of Nautica Muar, Nautica Maharani, Nautica Renggam and Temporary Storage Tanker (TST) Sepat project amounting to RM42.5 million which was negated by the revenue contribution of RM35.5 million from charter hire of new tankers Nautica Kluang 2 and Nautica Pontian 2.

FYE 2023

The Group recorded lower revenue by RM20.5 million in FYE 2023 of RM133.1 million as compared to RM153.6 million in FYE 2022. This was mainly due to lower revenue contribution from Nautica Tembikai as it was off-hire since mid-June 2023 and the contract was subsequently ended in August 2023.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FPE 31 March 2024

The Group recorded lower revenue by RM3.1 million in FPE 31 March 2024 of RM31.2 million as compared to RM34.3 million in FPE 31 March 2023. This was mainly due to the Nautica Tembikai contract expiring in August 2023 resulting in lower revenue contribution. The impact was subsided by the contribution arising from the higher utilisation rate of the fast crew boats segment.

(ii) Cost of sales

	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cost of services	196,936	256,520	158,076	128,693	85,559	17,259
EPCIC cost	(2,003)	42,596	(23,983)	-	-	-
Cost of sales	194,933	299,116	134,093	128,693	85,559	17,259

FYE 2019

The cost of sales of the Group was decreased by RM88.2 million or 31.2% from RM283.2 million in FYE 2018 to RM194.9 million in FYE 2019 which was mainly due to reduction in EPCIC cost as the last EPCIC project, which involved services for conversion of a vessel to a floating storage and offloading facility in the North Malay Basin, was completed and delivered to the client in mid-year of 2018. The negative amount of EPCIC cost was mainly due to reversal of cost of sales recognised in FYE 2018 in relation to the project delivered whereby the client had agreed to bear the cost itself subsequent to the discussions with the client

FYE 2020

The cost of sales of the Group was increased by RM104.2 million or 53.5% from RM194.9 million in FYE 2019 to RM299.1 million in FYE 2020 which was mainly due to additional provision charged resulted from the conclusion of the litigation case against MMHE and higher installation costs for TST Sepat project due to bad weather.

FYE 2021

The cost of sales of the Group was decreased by RM165.0 million or 55.2% from RM299.1 million in FYE 2020 to RM134.1 million in FYE 2021 which was mainly due to contracts for Nautica Muar, Nautica Batu Pahat, Nautica Maharani, Nautica Renggam and Temporary Storage Tanker (TST) Sepat project have expired in 2021. The negative amount of EPCIC cost was mainly due to reversal of cost which the Group had provided last year for the litigation case against MMHE of RM23.9 million, that both parties have agreed in the final settlement amount.

FYE 2022

The cost of sales of the Group decreased by RM5.4 million or 4.0% from RM134.1 million in FYE 2021 to RM128.7 million in FYE 2022 mainly due to lower depreciation expenses in FYE 2022 as a result of reclassification of 11 vessels from PPE to asset held for sale at the end of FYE 2021. These vessels were then disposed in FYE 2022.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2023

The cost of sales of the Group was decreased by RM43.1 million or 33.5% in FYE 2023 of RM85.6 million as compared to FYE 2022 of RM128.7 million. This was mainly due to lower laid up costs of vessels in FYE 2023 which were disposed of in year 2022.

FPE 31 March 2024

The cost of sales of the Group was decreased by RM7.4 million or 29.9% in FPE 31 March 2024 of RM17.3 million as compared to FPE 31 March 2023 of RM24.6 million. This was mainly due to higher holding cost incurred in FPE 31 March 2023 for 4 tankers which were subsequently sold in 2023.

(iii) Gross Profit and Gross Profit Margin

	Audited				Unaudited	
	FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 (Restated) <i>RM'000</i>	FYE31 December 2021 <i>RM'000</i>	FYE 31 December 2022 <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
Gross profit	76,939	4,077	26,463	24,947	47,520	13,944
Margin (%)	28.30	1.34	16.48	16.24	35.71	44.69

FYE 2019

The Group’s gross profit decreased from RM135.8 million in FYE 2018 to RM76.9 million in FYE 2019 was in line with the reduction in revenue, which was mainly due to the completion of EPCIC’s last project and it was delivered to the client in mid-year of 2018.

FYE 2020

Notwithstanding higher revenue in FYE 2020, the Group’s gross profit decreased from RM76.9 million in FYE 2019 to RM4.1 million in FYE 2020. This was mainly due to additional provision charged resulted from the conclusion of the litigation case against MMHE and higher installation costs for TST Sepat project due to bad weather.

FYE 2021

Notwithstanding lower revenue in FYE 2021, the Group’s gross profit increased from RM4.1 million in FYE 2020 to RM26.5 million in FYE 2021 which was mainly due to downward adjustment to the provision of the litigation case against MMHE as both parties have agreed in the final settlement amount. Please refer to the **Section 1.2** in Part A of this Circular for further details in relation to the litigation case against MMHE.

FYE 2022

The Group’s gross profit decreased slightly from RM26.5 million in FYE 2021 to RM24.9 million in FYE 2022 which was mainly due to there is one-off adjustment to the provision of the litigation against MMHE which only existed in FYE 2021 as discussed above.

FYE 2023

The Group recorded higher gross profit by RM22.6 million in FYE 2023 of RM47.5 million as compared FYE 2022 of RM24.9 million. This was mainly contributed by the lower laid up cost of vessels by RM9.6 million for vessels which were disposed of in 2022.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FPE 31 March 2024

The Group recorded higher gross profit by RM4.3 million in FPE 31 March 2024 of RM13.9 million as compared to FPE 31 March 2023 of RM9.7 million. This was mainly contributed by the lower holding cost of tankers which were disposed of in 2023.

(iv) Other income

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance recoveries	5,268	3,453	6,252	1,942	3,417	4
Unrealised foreign exchange gain	3,867	-	-	-	-	-
Reversal of impairment losses on trade receivables	616	-	-	-	-	-
Reversal of impairment losses on PPE	-	-	-	12,963	-	-
Gain on disposal of PPE	-	-	-	5,878	1,254	-
Back charge to customer	-	489	-	-	979	-
Rental income	65	50	-	-	-	-
Goods and services tax refund	-	-	342	-	-	-
Waiver from intercompany	-	-	-	-	(i) 2,000	-
Write off amount due to creditors	-	-	-	-	(ii) 3,558	-
Others ⁽ⁱⁱⁱ⁾	487	591	621	247	135	2
Total	10,303	4,583	7,215	21,030	11,343	6

Notes:-

- (i) Waiver of amount owing to Sindora amounted to RM2.0 million.
- (ii) Write off amount due to creditors based on the proof of debts received from the relevant creditors
- (iii) Others mainly includes consultation services charged to the buyer of Nautica Muar, realised profit on disposal of vessels built by Johor Shipyard and Engineering Sdn Bhd, deposit forfeited from potential buyer, sale of scrap item and bunker claim from client.

FYE 2019

The other income of the Group increased by RM5.6 million or 120.4% from RM4.7 million in FYE 2018 to RM10.3 million in FYE 2019 which was mainly due to the following:

- (a) unrealised foreign exchange gain of RM3.9 million arising from foreign trade creditors which mainly denominated in USD and SGD and
- (b) higher insurance recoveries by RM0.7 million due to claim for damage of main engine of Nautica Pagoh in year 2017 which was only approved in FYE 2019.

FYE 2020

The other income of the Group decreased by RM5.7 million or 55.5% from RM10.3 million in FYE 2019 to RM4.6 million in FYE 2020 which was mainly due to the following:

- (a) unrealised foreign exchange gain of RM3.9 million which only existed in FYE 2019; and
- (b) lower insurance recoveries by RM1.8 million due to reduction in the major damage and accident to the fleets.

FYE 2021

The other income of the Group increased by RM2.6 million or 57.4% from RM4.6 million in FYE 2020 to RM7.2 million in FYE 2021 which was mainly due to higher insurance recoveries by RM2.8 million due to approval given by insurance broker which was related to total loss claim for a tug boat.

FYE 2022

The other income of the Group increased by RM13.8 million or 191.5% from RM7.2 million in FYE 2021 to RM21.0 million in FYE 2022 which was mainly due to reversal of impairment loss of vessels of RM12.9 million and gain on disposal of Nautica Kota Tinggi, Nautica Batu Pahat, Nautica Renggam and Nautica Maharani of RM5.9 million.

FYE 2023

The Group recorded lower other income in FYE 2023 by RM9.7 million as compared to FYE 2022 of RM21.0 million. This was mainly due to the Group recorded higher reversal loss on impairment of vessels of RM13.0 million and gain of disposal of vessels of RM 5.9 million in FYE 2022.

FPE 31 March 2024

The Group recorded a marginal other income in FPE 31 March 2024 of approximately RM6,000 as compared to FPE 31 March 2023 of RM2.9 million. This was mainly due higher insurance recoveries by RM2.8 million recorded in FPE 31 March 2023, which was related to claims for Nautica Tembikai and Nautica Batu Pahat.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(v) Administrative expenses

	Audited					Unaudited
	FYE 31	FYE 31	FYE 31	FYE 31	FYE 31	FPE 31
	December	December	December	December	December	March
2019	2020	2021	2022	2023	2024	
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Directors' remuneration	1,142	1,238	625	815	911	136
Audit fee	366	331	396	358	366	108
Staff costs	13,460	8,214	2,519	8,977	10,951	2,629
Loss on disposal of PPE	-	7,106	12,223	-	-	219
Net loss on impairment of financial instruments	23	707	53	1,298	-	-
Realised foreign exchange loss/(gain)	1,661	5,204	5,907	2,518	131	20
Unrealised foreign exchange (gain)/loss	-	(1,054)	4,551	4,713	1,162	647
Depreciation on PPE	554	699	583	745	859	219
Professional fee	6,409	3,323	1,910	5,117	2,856	733
Insurance	280	277	247	246	222	85
Penalty	23	105	420	184	21	16
Staff claims / travelling expenses	885	281	277	507	929	239
Office related expenses	2,566	1,822	1,745	1,083	1,413	157
Training / seminar	39	66	336	188	(39)	16
Processing fee	32	168	364	-	488	121
Bank charges	588	304	425	393	117	16
Debts written-off	-	226	-	-	-	-
Written-off of the PPE	-	-	-	15	-	-
Reversal of allowance of doubtful debt	-	-	-	-	(585)	-
Others*	1,329	904	1,047	578	1,082	133
Total	29,357	29,921	33,628	27,735	20,884	5,494

Note:-

* Others mainly includes printing and stationery expenses, insurance costs for staff, security charges and subscription fee.

FYE 2019

The administrative expenses of the Group increased by RM3.5 million or 13.7% from RM25.8 million in FYE 2018 to RM29.4 million in FYE 2019 mainly contributed by additional professional fee incurred by RM5.1 million and higher bonus provision for staff by RM2.9 million. Higher professional fee incurred due to legal cost in relation to MMHE settlement. The aforesaid expenses were bolstered by the lower realised and unrealised foreign exchange loss during the year by RM4.7 million due to favourable exchange rate.

FYE 2020

The administrative expenses of the Group increased by RM0.6 million or 1.9% from RM29.4 million in FYE 2019 to RM29.9 million in FYE 2020 mainly contributed by the loss on disposal of Nautica Johor Bahru of RM7.1 million and higher foreign exchange loss by RM2.5 million. These additional administrative expenses were then negated by lower staff costs (i.e. bonus provision) by RM4.4 million and lower professional fee by RM3.2 million.

The Nautica Johor Bahru was disposed of at lower market price during the Covid-19 pandemic. Notwithstanding the lower market price, the Group proceeded with the disposal to offload the holding costs.

FYE 2021

The administrative expenses of the Group increased by RM3.7 million or 12.4% from RM29.9 million in FYE 2020 to RM33.6 million in FYE 2021 mainly contributed by the higher loss on disposal of vessels by RM5.1 million and higher foreign exchange losses by RM6.3 million. The Group only incurred RM2.5 million of staff costs in FYE 2021 which is significantly lower than FYE 2020 of RM8.2 million, arising from the reversal of bonus provision by RM4.1 million and lower wages, salary and others by RM1.3 million. The Group also managed to further lower the professional fee by RM1.3 million in FYE 2021 because the MMHE settlement has settled in FYE 2020 hence no longer required legal service/advice.

The loss on disposal of PPE of RM12.2 million resulted from the disposal of Nautica Pagoh, Nautica Tg Puteri XXXIV, Nautica Tg Puteri X, Nautica Tg Puteri IV, Nautica Tg Puteri VII, Nautica Tg Puteri VII, Nautica Tg Puteri IX, Nautica Tg Puteri XXXV, Nautica Tg Puteri XXXVI and Nautica Tg Puteri XXXIII, at a lower market price during the Covid-19 pandemic.

FYE 2022

The administrative expenses of the Group decreased by RM5.9 million or 17.5% from RM33.6 million in FYE 2021 to RM27.7 million in FYE 2022 which was mainly due to lower foreign exchange losses by RM3.2 million and did not bear any loss on disposal of assets in FYE 2022 as compared to FYE 2021 of RM12.2 million. Whilst the Group enjoyed lower expenses from the above, the Group made provision for bonus amounted to RM1.0 million in FYE 2022 which was in line with the Group’s financial performance for the year. The Group also engaged with advisers for Proposed Regularisation Plan and the SOA which increases the professional fee by RM3.2 million.

FYE 2023

The Group recorded lower administrative expenses by RM6.9 million or 24.7% in FYE 2023 of RM20.9 million as compared to FYE 2022 of RM27.7 million. This was mainly due to lower realised and unrealised foreign exchange losses by RM5.9 million and lower of professional fee by RM2.3 million incurred for the Proposed Regularisation Plan.

FPE 31 March 2024

The administrative expenses of the Group increased by RM2.5 million or 83.3% from RM3.0 million in FPE 31 March 2023 to RM5.5 million in FPE 31 March 2024. This was mainly due to higher realised and unrealised foreign exchange losses in FPE 31 March 2024 of RM0.7 million (FPE 31 March 2023: RM0.2 million realised and unrealised foreign exchange gain) as well as higher staff costs by RM0.9 million.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(vi) Impairment losses and write off of PPE

	Audited				Unaudited	
	FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 (Restated) <i>RM'000</i>	FYE 31 December 2021 <i>RM'000</i>	FYE 31 December 2022 <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
Impairment losses on PPE	2,906	78,913	125,612	-	-	-
Write-off of PPE	-	-	9,635	-	-	-
Total	2,906	78,913	135,247	-	-	-

The Group and the Company are required to assess at each reporting date whether there is any indication that an asset may be impaired in accordance to MFRS 136 Impairment of Assets. For information, MFRS 136 Impairment of Assets prescribes the timing requirements for performing quantitative impairment testing as well as indications of impairment that may trigger impairment testing for some assets or groups of assets. If such indication exists, the Group and the Company shall estimate the recoverable amount of the asset, which is the higher of fair value less cost to sell or value-in-use. The reduction in charter hire rates, deterioration in utilisation rate, continued operating losses and expired contracts or contracts which are approaching expiry were identified by management as indications that the carrying amounts of some of their vessels, vessels under construction and assets held for sales may be impaired.

The higher impairment loss in FYE 2020 and FYE 2021 was mainly due to the COVID-19 pandemic that caused the reduction in the fair value of the vessels as those vessels were idle, aged and/or have been decommissioned during FYE 2020 and FYE 2021.

For FYE 2022, the Group had reversed the impairment losses of vessels amounting to RM12.9 million recognised in prior years. The reversal of impairment losses was recorded under other income as described in **Section 4(iv)** above.

The write-off of PPE in FYE 2021 was in relation to one of the vessels under construction, of which the charter contract was mutually terminated on 18 March 2021.

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APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(vii) Finance cost

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interest expense incurred on:						
Bank overdraft	357	226	188	335	74	-
Finance leases	7	3	1	-	-	-
Conventional financing	6,836	4,979	2,811	1,816	1,073	133
Islamic financing	8,684	3,788	3,233	6,868	6,839	1,538
Revolving credit	730	487	344	321	189	27
Advances from shareholders	4,515	5,330	6,598	-	-	-
Lease liabilities	1,771	3,188	968	149	168	39
Interest costs of material litigation	-	865	2,041	-	-	-
	22,900	18,866	16,184	9,489	8,343	1,737
Less: Interest expense capitalised in vessels under construction	(333)	(125)	(1,722)	-	-	-
	22,567	18,741	14,462	9,489	8,343	1,737

FYE 2019

The interest expense of the Group had increased by RM0.1 million or 0.6% from RM22.4 million in FYE 2018 to RM22.6 million in FYE 2019 which was mainly due to decrease in the interest charged on conventional financing by RM2.5 million arising from the repayment, which was negated by increase in the interest charge on the advances from shareholders of RM1.3 million in tandem with the increase in the loans from shareholders and the increase in the finance cost on finance lease of RM1.8 million.

FYE 2020

The interest expense of the Group had decreased by RM3.8 million or 17.0% from RM22.6 million in FYE 2019 to RM18.7 million in FYE 2020 which was mainly due to repayment of conventional and Islamic financing facilities.

FYE 2021

The interest expense of the Group had decreased by RM4.3 million or 22.8% from RM18.7 million in FYE 2020 to RM14.5 million in FYE 2021 which was mainly due to repayment of conventional financing facilities.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2022

The interest expense of the Group decreased by RM5.0 million or 34.4% from RM14.5 million in FYE 2021 to RM9.5 million in FYE 2022 mainly due to no interest charged for shareholders’ advances in FYE 2022. For clarification, there was no shareholders’ advances in FYE 2022.

FYE 2023

The Group recorded lower interest expense by RM1.1 million or 11.6% in FYE 2023 of RM8.3 million as compared to FYE 2022 of RM9.5 million which was mainly due to repayment of conventional and Islamic financing facilities.

FPE 31 March 2024

The Group recorded lower interest expense by RM0.5 million or 23.0% in FPE 31 March 2024 of RM1.7 million as compared to FPE 31 March 2023 of RM2.3 million in FPE 31 March 2023 which was mainly due to repayment of conventional and Islamic financing facilities.

(viii) Tax expense

	Audited				Unaudited	
	FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 (Restated) <i>RM'000</i>	FYE 31 December 2021 <i>RM'000</i>	FYE 31 December 2022 (Restated) <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
Tax expense	3,716	13,080	(1,112)	7,320	(6,187)	-

FYE 2019

Despite the Group recorded a PBT, the Group recognised a tax credit of RM3.7 million in FYE 2019 as compared to tax expense of RM16.1 million in FYE 2018 due to the lower deferred tax liabilities (after offsetting with deferred tax assets) by RM4.6 million which comprised of higher deferred tax assets by RM9.2 million offsetting with higher deferred tax liabilities of RM4.6 million for FYE 2019.

FYE 2020

The tax credit of the Group had increased by RM9.4 million from RM3.7 million in FYE 2019 to RM13.1 million in FYE 2020 which was mainly due to the higher deferred tax liabilities by RM9.2 million coupled with higher deferred tax assets by RM4.2 million.

FYE 2021

Despite the Group incurring a LBT in FYE 2021, the Group recorded a tax expense of RM1.1 million in FYE 2021 as compared to a tax credit of RM13.1 million in FYE 2020. The tax expense was contributed by lower deferred tax assets by RM0.5 million and income tax charged for the year of RM0.6 million.

FYE 2022

Despite the Group incurring a PBT of RM9.0 million in FYE 2022, the Group recorded a tax credit of RM7.3 million in FYE 2022 as compared to a tax expense of RM1.1 million in FYE 2021 which was mainly due to recognition of deferred tax assets of RM7.5 million.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2023

The Group recorded a tax expense of RM6.2 million in FYE 2023 in view of the profit recognised during the financial year as compared to a tax credit of RM7.3 million in FYE 2022 which was in tandem with the higher profit before tax in FYE 2023.

5. Commentary of historical statements of financial position

(i) Non-current assets

	Notes	Audited				Unaudited	
		FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022 (Restated)	FYE 31 December 2023	FPE 31 March 2024
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PPE	a	772,620	590,497	424,093	411,994	393,329	387,326
Deferred tax assets	b	68	99	-	6,604	708	708
Right-of-use assets	c	61,352	8,685	1,789	1,977	1,946	1,892
		834,040	599,281	425,882	420,575	395,983	389,926

(a) Property, plant and equipment

	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PPE	772,620	590,497	424,093	411,994	393,329	387,326

As at LPD, the Group’s PPE mainly made up from the vessels and shipyards, office building, motor vehicles, furniture fittings and office equipment.

FYE 2019

The PPE of the Group decreased by RM22.0 million or 2.8% from RM794.6 million in FYE 2018 to RM772.6 million in FYE 2019 which was mainly due to depreciation charged for the year of RM79.2 million and impairment loss on PPE of RM2.9 million, offset against additions of PPE i.e. vessels and construction of vessels of RM60.0 million.

FYE 2020

The PPE of the Group decreased by RM182.1 million or 23.6% from RM772.6 million in FYE 2019 to RM590.5 million in FYE 2020 which was mainly due to transfer of PPE to assets held for sale of RM90.4 million, disposal of PPE of RM21.1 million and impairment losses on PPE of RM78.9 million.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2021

The PPE of the Group decreased by RM166.4 million or 28.2% from RM590.5 million in FYE 2020 to RM424.1 million in FYE 2021 mainly due to transfer of PPE to assets held for sale of RM64.7 million and impairment loss on PPE of RM107.1 million.

FYE 2022

The PPE of the Group decreased by RM12.1 million or 2.9% from RM424.1 million in FYE 2021 to RM412.0 million in FYE 2022 mainly due to depreciation charged for the year of RM39.5 million setoff against reversal of vessels impairment of RM13.0million and additions of PPE of RM10.4million i.e. Dry-docking.

FYE 2023

The PPE of the Group decreased by RM18.7 million or 4.5% from RM412.0 million in FYE 2022 to RM393.3 million in FYE 2023 mainly due to depreciation charged for the year of RM31.0 million and transfer of PPE to Asset held for sell of RM14.3 million and partly set-off against additions of PPE of RM26.6 million.

FPE 31 March 2024

The PPE of the Group decreased by RM6.0 million or 1.5% from RM393.3 million in FYE 2023 to RM387.3 million in FPE 31 March 2024 mainly due to depreciation charged for the period of RM6.0 million and transfer of PPE (Nautica Air Hitam) to Asset held for sell of RM0.3 million.

(b) Deferred tax assets

	Audited				Unaudited	
	FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 (Restated) <i>RM'000</i>	FYE 31 December 2021 <i>RM'000</i>	FYE 31 December 2022 (Restated) <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
Deferred tax assets	68	99	-	6,604	708	708

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

The deferred tax assets recognised in FYE 2018 to FYE 2020 recognised were minimal and mainly from the PPE.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

The substantial increase of the deferred tax assets in FYE 2022 was mainly due to brought forward unabsorbed tax losses and unutilised capital allowance. The decrease of the deferred tax assets in FYE 2023 was mainly due to utilisation of capital allowance during the financial year.

(c) Right-of-use assets

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Right-of-use assets	61,352	8,685	1,789	1,977	1,946	1,892

The adoption of MFRS 16 – Leases in FYE 2019 required all the lessees to recognise their leased assets and the related lease obligations in the statement of financial position.

Leases are recognised as right-of-use assets and corresponding lease liabilities at the commencement date on which the leased asset is available for use by the Group. The leased assets consist of land, shipyard, vessels and equipment. Lease of leasehold land has lease terms of 30 years while vessels and equipment have lease terms of 2 years.

The significant decrease of the rights-of-use of assets from FYE 2019 to FYE 2020 was mainly due to the expiry of the TST Sepat Project.

The rights-of-use assets had decreased from RM8.7 million in FYE 2020 to RM1.8 million in FYE 2021 due to expiry of charter hire of Kejora 57 and Kejora 59.

The rights-of-use assets had increased from RM1.8 million in FYE 2021 to RM2.0 million in FYE 2022 due to renewal of rental of office for 4 years.

The rights-of-use assets had slightly decreased in FYE 2023 as compared to FYE 2022 which was mainly due to depreciation charged for the financial year.

The rights-of-use assets had decreased marginally in FPE 31 March 2024 as compared to FYE 2023 mainly due to depreciation charged for the financial period.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(ii) Current assets

	Notes	Audited					Unaudited
		FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories	a	238	203	107	1,042	99	99
Trade and other receivables	b	53,703	28,760	19,172	24,587	31,799	32,165
Tax recoverable	c	2,618	1,025	447	216	33	41
Deposits		-	-	4,165	17,971	11,416	31,527
Cash and bank balances		22,606	17,330	6,442	42,631	31,028	6,723
		79,165	47,318	30,333	86,447	74,375	70,555
Non-current asset held for sale	d	-	90,407	104,334	19,892	14,290	14,580
		79,165	137,725	134,667	106,339	88,665	85,135

(a) Inventories

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Spare parts	238	203	107	99	99	99
Bunkers – fuel remaining onboard vessel	-	-	-	943	-	-
	238	203	107	1,042	99	99

The inventories of the Group were minimal and mainly were the spare parts of the vessels and bunkers which were the fuel remaining on the charter vessels upon completion of the contract.

(b) Trade receivables and other receivables

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Trade</u>						
Trade receivables	29,131	10,427	7,853	14,776	8,464	8,331
Accrued revenue from charter hire	8,545	6,069	10,730	8,125	10,339	10,252
Less: Allowance for impairment	(21)	(608)	(608)	(1,906)	(732)	(732)
	37,655	15,888	17,975	20,995	18,071	17,851

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

	Audited				Unaudited	
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
<u>Non-Trade</u>						
Other receivables	4,650	4,566	705	206	1,420	1,124
Deposits	277	288	224	1,958	10,841	11,103
Prepayments	4,568	2,548	441	1,428	1,467	2,087
Costs incurred to fulfil contract with customer in relation to the contract liabilities	6,555	5,590	-	-	-	-
Less: Allowance for impairment	(2)	(120)	(173)	-	-	-
	16,048	12,872	1,197	3,592	13,728	14,314
	53,703	28,760	19,172	24,587	31,799	32,165

For information, the normal credit terms of trade receivables of the Group is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The ageing of the trade receivables as at 31 March 2024 is as follows:-

	Total	Not past due	Past due 30 - 59 days	Past due 60 - 90 days	Past due > 90 days
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables (excluded accrued revenue)	8,331	5,543	463	1,467	858
Less: Impairment loss	(268)	-	-	-	(268)
Net trade receivables	8,063	5,543	463	1,467	590
Subsequent receipt up to LPD	(7,170)	(7,145)	-	-	(25)
Balance trade receivables as at LPD	893	(1,602)*	463	1,467	565

Note:-

* Inclusive of advance payment from a customer amounting to RM2.63 million.

A significant portion of these receivables are regular customers (i.e. for charter hire) that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group undertakes the following steps for significant balances due more than 90 days:-

- (i) constant follow-up via emails and phone calls;
- (ii) proposed repayment plans; and
- (iii) issuance of letter of demands.

Trade receivables are impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and/or a failure to make contractual payments.

The Group also determines concentration of credit risk by monitoring individual profile of their trade receivables on an ongoing basis.

FYE 2019

The trade and other receivables of the Group increased by RM7.5 million or 16.3% from RM46.2 million in FYE 2018 to RM53.7 million in FYE 2019 which was mainly due to cost incurred to fulfil contract arising from the mobilisation cost for TST Sepat project

FYE 2020

The trade and other receivables of the Group decreased by RM24.9 million or 46.4% from RM53.7 million in FYE 2019 to RM28.8 million in FYE 2020 which was due to decrease in the trade receivables of RM18.7 million as a result of receipt of payment in full from trade receivables for TST Sepat Project, Nautica Tembikai and Nautica Muar.

FYE 2021

The trade and other receivables of the Group decreased by RM9.6 million or 33.3% from RM28.8 million in FYE 2020 to RM19.2 million in FYE 2021 which was mainly due to decrease in the cost incurred to fulfil contract arising from demobilisation cost for Sepat Project which the revenue has not been recognized in a year due to delay in job completion.

FYE 2022

The trade and other receivables of the Group increased by RM5.4 million or 28.2% from RM19.2 million in FYE 2021 to RM24.6 million in FYE 2022 which was mainly due to:

- (a) increase in the trade receivables arising from delay in collection from spot charter contract of NKL2 and NPT2;
- (b) increase in deposits due to deposit paid of RM1.8 million to acquire a new vessel; and
- (c) increase in prepayments due to debit note issued by insurance broker in advance.

FYE 2023

The trade and other receivables of the Group increased by RM7.2 million or 29.3% from RM24.6 million in FYE 2022 to RM31.8 million in FYE 2023 which was mainly due to deposit paid of RM10.5 million in relation to legal case with Karina.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FPE 31 March 2024

The trade and other receivables of the Group increased by RM0.4 million or 1.3% from RM31.8 million in FYE 2023 to RM32.2 million in FPE 31 March 2024 which was mainly due to increase in prepayments to an insurance broker in advance.

(c) Tax recoverable

	Audited					Unaudited
	FYE 31	FYE 31	FYE 31	FYE 31	FYE 31	FPE 31
	December	December	December	December	December	March
2019	2020	2021	2022	2023	2024	
	(Restated)					
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Tax recoverable	2,618	1,025	447	216	33	41

The tax recoverable are expected amount of income tax recoverable from the taxation authorities. The amount will be reduced upon received refund from the tax authorities or utilised against the tax instalments for the following year.

(d) Non-current asset held for sale

	Audited					Unaudited
	FYE 31	FYE 31	FYE 31	FYE 31	FYE 31	FPE 31
	December	December	December	December	December	March
2019	2020	2021	2022	2023	2024	
	(Restated)					
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-current asset held for sale	-	90,407	104,334	19,892	14,290	14,580

The management with the approval of the Board have decided to dispose certain vessels of the Group. Accordingly, the assets of the related vessels were classified as held for sale and are presented separately as current items in the statements of financial position.

(iii) Equity

	Notes	Audited				Unaudited
		FYE 31	FYE 31	FYE 31	FYE 31	FPE 31
		December	December	December	December	March
2019	2020	2021	2022	2023	2024	
	(Restated)		(Restated)			
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Share capital	a	169,100	179,755	179,755	179,755	179,755
Retained earnings/ (Accumulated losses)		93,890	(11,646)	(162,291)	(145,994)	(122,302)
Total Equity		262,990	168,109	17,464	37,761	57,453
						64,347

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(a) Share capital

During FYE 2020, the Company had increased its issued and paid-up ordinary share capital from RM169.1 million to RM179.8 million by way of issuance of 11,500,000 and 15,000,000 ordinary shares of RM0.47 and RM0.35 respectively, via private placements.

As at LPD, the Company has 530,050,000 Shares in issue.

(iv) Liabilities

	Notes	Audited				Unaudited	
		FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LIABILITIES							
Non-current liabilities							
Trade and other payables		-	-	-	-	12,849	12,849
Lease liabilities	a	22,045	2,335	2,218	2,170	2,386	2,337
Loans and borrowings	b	183,956	35,097	-	121,737	84,266	81,110
Deferred tax liabilities	c	13,779	427	880	-	-	-
		219,780	37,859	3,098	123,907	99,501	96,296
Current liabilities							
Trade and other payables	d	232,051	322,052	321,293	317,047	286,435	281,978
Contract liabilities	e	15,610	-	-	-	-	-
Lease liabilities	a	33,484	7,013	110	384	183	186
Loans and borrowings	b	149,285	201,894	218,013	51,491	40,923	32,254
Current tax liabilities	f	5	79	571	324	153	-
		430,435	531,038	539,987	369,246	327,694	314,418
Total liabilities		650,215	568,897	543,085	493,153	427,195	410,714

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(a) Lease liabilities

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Non-current	22,045	2,335	2,218	2,170	2,386	2,337
Current	33,484	7,013	110	384	183	186
	55,529	9,348	2,328	2,554	2,569	2,523

The adoption of MFRS 16 - Leases in FYE 2019 required all the lessees to recognise their leased assets and the related lease obligations in the statement of financial position.

Leases are recognised as right-of-use assets and corresponding lease liabilities at the commencement date on which the leased asset is available for use by the Group. The leased assets consist of land, shipyard, vessels and equipment. Lease of leasehold land has lease terms of 30 years while vessels and equipment have lease terms of 2 years.

The significant decrease in the lease liabilities from RM55.5 million in FYE 2019 to RM9.3 million in FYE 2020 was mainly due to repayment of lease liabilities as well as modification and derecognition arising from the early termination of TST Sepat project.

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APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(b) Loans and Borrowings

	Audited				Unaudited	
	FYE 31 December 2019 <i>RM'000</i>	FYE 31 December 2020 (Restated) <i>RM'000</i>	FYE 31 December 2021 <i>RM'000</i>	FYE 31 December 2022 <i>RM'000</i>	FYE 31 December 2023 <i>RM'000</i>	FPE 31 March 2024 <i>RM'000</i>
<u>Non-current</u>						
Islamic financing facilities	45,274	-	-	110,532	84,266	81,110
Conventional financing facilities	93,288	-	-	11,205	-	-
Hire purchase liabilities	22	7	-	-	-	-
Loans from shareholders	45,372	35,090	-	-	-	-
	183,956	35,097	-	121,737	84,266	81,110
<u>Current</u>						
Bank overdraft	5,514	5,259	5,484	2,451	-	-
Islamic financing facilities	73,796	58,509	147,308	24,343	27,650	23,380
Conventional financing facilities	38,628	95,282	56,754	20,413	11,130	6,732
Revolving credit	11,988	9,728	8,460	4,284	2,143	2,142
Hire purchase liabilities	78	21	7	-	-	-
Loans from shareholders	19,281	33,095	-	-	-	-
	149,285	201,894	218,013	51,491	40,923	32,254
Total borrowings	333,241	236,991	218,013	173,228	125,189	113,364

FYE 2019

The loans and borrowings of the Group had decreased by RM67.2 million or 16.8% from RM400.4 million in FYE 2018 to RM333.2 million in FYE 2019 which was mainly due to repayment of conventional and Islamic financing facilities of RM64.2 million.

FYE 2020

The loans and borrowings of the Group had decreased by RM96.3 million or 28.9% from RM333.2 million in FYE 2019 to RM237.0 million in FYE 2020 which was mainly due to repayment of conventional and Islamic financing facilities of RM94.8 million.

FYE 2021

The loans and borrowings of the Group had decreased by RM19.0 million or 8.0% from RM237.0 million in FYE 2020 to RM218.0 million in FYE 2021 which was mainly due to drawdown of Islamic financing facilities of RM88.4 million, which was negated by repayment of conventional financing facilities of RM36.1 million. and reclassification of loan of shareholder to other payables in FYE 2021.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2022

The loans and borrowings of the Group had decreased by RM44.8 million or 20.5% from RM218.0 million in FYE 2021 to RM173.2 million in FYE 2022 which was mainly due to repayment of conventional financing facilities, Islamic financing facilities and overdraft of RM44.8 million.

FYE 2023

The loans and borrowings of the Group had decreased by RM48.0 million or 27.7% from RM173.2 million in FYE 2022 to RM125.2 million in FYE 2023 which was mainly due to repayment of conventional financing facilities, Islamic financing facilities and overdraft of RM45.6 million.

FPE 31 March 2024

The loans and borrowings of the Group had decreased by RM11.8 million or 9.4% from RM125.2 million in FYE 2023 to RM113.4 million in FPE 31 March 2024 which was mainly due to repayment of conventional financing facilities and Islamic financing facilities of RM11.8 million.

(c) Deferred tax liabilities

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Deferred tax liabilities	13,779	427	880	-	-	-

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In FYE 2018, FYE 2019, FYE 2020, FYE 2021 and FYE 2022, the deferred tax liabilities were arising from recognition of deferred tax liabilities mainly due to timing difference of carrying value and tax written down value.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

(d) Trade and other payables

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
<u>Non-current</u>						
Trade						
Amount due to immediate holding company	-	-	-	-	12,849	12,849
<u>Current</u>						
Trade						
Trade payables	101,862	231,716	158,066	74,568	58,666	57,687
Trade accruals	90,098	47,452	2,697	3,994	1,865	1,321
Freight income received in advance	1,991	5,175	1,763	-	-	-
	193,951	284,343	162,526	78,562	73,380	71,857
Non-trade						
Amount due to:						
- ultimate holding company*	991	1,122	1,289	1,333	1,308	1,308
- intermediate holding company*	562	691	804	967	1,067	1,067
- immediate holding company*	8,396	8,913	134,822	207,395	193,631	193,296
- related company*	16	10	23	12	270	270
Amount due to shareholders*	11,193	6,105	6,643	15,119	15,119	15,119
Other payables and accrued expenses	10,521	15,529	15,186	13,659	11,796	11,910
Provisions	6,421	5,339	-	-	-	-
Advances for charter hire income	-	-	-	-	2,713	-
	38,100	37,709	158,767	238,485	225,904	222,970
	232,051	322,052	321,293	317,047	299,284	294,827

Note:-

* Amount due to ultimate holding company, intermediate holding company, immediate holding company and shareholders form part of the amount due to scheme creditors. Scheme creditors will be repaid using the collective proceeds received from the Asset Disposal Program and Proposed Shares Issuance. The Board is of the view that the Group will have sufficient working capital available for a period of 12 months from the date of this Circular as discussed in **Section 3.1** above.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

For information, the normal credit terms of trade payables of the Group is 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The ageing of the trade payables as at 31 March 2024 is as follows:-

	Total	Not past due	Past due 30 – 59 days	Past due 60 – 90 days	Past due > 90 days
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables	57,687	1,910	848	1,575	53,354
Subsequent payment up to LPD	(3,763)	(459)	(811)	(1,538)	(955)
Balance trade payables as at LPD	53,924	1,451	37	37	52,399

The nature of trade payables related to purchase of spare part, consumables, bunker, insurance and providing service for repair & maintenance. For information, the amount owing to trade payables that are past due more than 90 days are mainly comprised of the amount owing to scheme creditors which shall be settled pursuant to the SOA upon completion of the Asset Disposal Program and the Proposed Shares Issuance. After subsequent payment up to LPD and upon repayment to the scheme creditors, the balance trade payables past due more than 90 days will be RM1.74 million.

FYE 2019

The trade and other payables of the Group had increased by RM18.3 million or 8.6% from RM213.7 million in FYE 2018 to RM232.1 million in FYE 2019 which was mainly due to recognition of amount due to shareholders of RM11.2 million arising from additional advances from shareholders as the working capital of the Group and increase in other payables and accrued expenses of RM3.7 million arising from professional fee related to legal fee for the MMHE settlement case.

FYE 2020

The trade and other payables of the Group had increased by RM90.0 million or 38.8% from RM232.1 million in FYE 2019 to RM322.1 million in FYE 2020 which was mainly due to increase in the trade payables / accruals of RM87.2 million arising from the additional provision charged resulted from the conclusion of the litigation case against MMHE.

FYE 2021

The trade and other payables of the Group had decreased by RM0.8 million from RM322.1 million in FYE 2020 to RM321.3 million in FYE 2021 which was mainly due to downward adjustment to the provision of the litigation case against MMHE as both parties have agreed in the final settlement amount set off against reclassification of loan from shareholders to other payables.

APPENDIX I (B) – MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION OF THE EATECH GROUP (CONT’D)

FYE 2022

The trade and other payables of the Group had decreased by RM4.3 million or 1.3% from RM321.3 million in FYE 2021 to RM317.0 million in FYE 2022 which was mainly due to settlement of insurance.

FYE 2023

The trade and other payables of the Group had decreased by RM17.8 million or 5.6% from RM317.0 million in FYE 2022 to RM299.3 million in FYE 2023 which was mainly due to waiver of trade creditors and repayment made to creditors with short term credit term

FPE 31 March 2024

The trade and other payables of the Group had decreased by RM4.5 million or 1.5% from RM294.8 million in FYE 2023 to RM299.3 million in FPE 31 March 2024 which was mainly due to repayment made to creditors.

(e) Contract Liabilities

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Contract liabilities	15,610	-	-	-	-	-

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

Contract liabilities represents the revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the reporting date.

(f) Current tax liabilities

	Audited					Unaudited
	FYE 31 December 2019	FYE 31 December 2020 (Restated)	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 31 March 2024
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current tax liabilities	5	79	571	324	153	-

Current tax liabilities are measured at the amount expected to be paid to the taxation authorities. The current tax liabilities is not allow to set-off against the tax recoverable.

1. PRINCIPAL ACTIVITIES AND SERVICES

EATECH Group is a local marine company that owns and operates marine vessels where the Group mainly focus on the following:-

Marine transportation and offshore storage of oil and gas : EATECH's product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing known as clean petroleum products e.g., kerosene (jet fuel), diesel and petrol (RON95 & RON97) and also dirty petroleum products such as fuel oil and crude oil.

FSU/FSO are typically used to support production platforms as an offshore oil and gas storage facility at brown fields.

EATECH also operate offshore supply vessels, namely fast crew boats, which are primarily used to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

Provision of port marine services : EATECH are also engaged in the provision of port marine services for petrochemical and bulk & containerised ports in Malaysia. The types of port marine services that EATECH provide at the ports include, among others:

- Towing services comprising towing, pushing or manoeuvring vessels; and
- Mooring services which involve securing a marine vessel to specially constructed fixtures such as piers, quays, wharfs, jetties, anchor buoys and mooring buoys.

EATECH also provide dockside mooring services where the Company have mooring personnel to secure vessels to floating structures and fixtures at the wharf.

Marine engineering services : EATECH marine engineering services are more focused to the shipbuilding and ship repair activities. EATECH shipbuilding and ship repair activities serve as an internal supporting arm to the Company's marine vessels.

- Shipbuilding: Some of the shipbuilding activities that we carry out include construction of hull and structure, installation of machinery, equipment and instruments, and various embedded systems on the deck of the vessel, painting, and coating, as well as testing and commissioning.
- Ship repair: EATECH's ship repair utilizes the same facilities, equipment and skill set as shipbuilding. EATECH repair works involves inspection, replacement, modification, removal, installation, and cleaning.

EATECH can also undertake the minor fabrication of steel structures in the Company's shipyard. The steel structures that the Group fabricates are mainly for marine vessels for example skids and piping systems.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

2. CONTRACTS AND ORDER BOOK

As at the LPD, the on-going contracts and orderbook secured by the Group are as follows:-

<u>Year of award</u>	<u>Vessel</u>	<u>Project scope</u>	<u>Firm period + extension (years)</u>	<u>Total contract value: Firm period + extension (RM' million)</u>	<u>Remaining contract value: Firm period (RM' million)</u>	<u>Contract value: Extension (RM' million)</u>
Product tankers						
<u>Marine transportation</u>						
2019	Nautica Kluang 2	Time charter party between Petco Trading Labuan Company Ltd and E.A. Technique (M) Berhad one (1) unit of 9,000mt dwt size coastal vessel (vessel i)	5 + 5 years: June 2021 to May 2026 (option to extend further 5 years to April 2031)	159.41	33.38	79.57
2019	Nautica Pontian 2	Time charter party between Petco Trading Labuan Company Ltd and E.A. Technique (M) Berhad one (1) unit of 9,000mt dwt size coastal vessel (vessel j)	5 + 5 years: July 2021 to June 2026 (option to extend further 5 years to May 2031)	159.41	34.69	79.57
<u>Port marine services</u>						
Kerteh Port 2018	Nautica Tg Puteri I	Term contract for provision for supply and operation of harbour tug	5 + 2 years: January 2019 to January 2024 (Contract further extended to November 2025)	20.44	4.42	-
2018	Nautica Tg Puteri XXII	Term Contract For Provision For Supply And Operation Of Harbour Tug	5 + 2 years: January 2019 to January 2024 (Contract further extended to November 2025)	21.63	4.55	-

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Year of award	Vessel	Project scope	Firm period + extension (years)	Total contract value: Firm period + extension (RM' million)	Remaining contract value: Firm period (RM' million)	Contract value: Extension (RM' million)
2018	Petronas Penapisan (Terengganu) Sdn Bhd Nautica Tg Puteri XVII	Term Contract For Provision For Supply And Operation Of Harbour Tug	5 + 2 years: December 2018 to December 2023 (Contract further extended to November 2025)	23.36	4.97	-
North Port 2013	Nautica Tg Puteri XIX	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	7 + 1 years: December 2017 to January 2026 (option to further extend by 2 years to January 2027)	25.77	1.98	3.18
2013	Nautica Tg Puteri XX	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	7 + 1 years: December 2017 to January 2026 (option to further extend by 2 years to January 2027)	25.92	2.13	3.18
2013	Nautica Tg Puteri XXI	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	7 + 2 years: December 2017 to July 2025 (option to further extend by 2 years to July 2027)	30.15	3.65	6.24
2013	Nautica Tg Puteri XXIV	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	8 + 2 years: December 2017 to January 2025 (option to further extend by 2 years to January 2027)	29.57	2.14	6.46
2013	Nautica Tg Puteri XXV	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	8 + 2 years: December 2017 to April 2025 (option to further extend by 2 years to April 2027)	30.22	2.80	6.46

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Year of award	Vessel	Project scope	Firm period + extension (years)	Total contract value: Firm period + extension (RM' million)	Remaining contract value: Firm period (RM' million)	Contract value: Extension (RM' million)
2013	Nautica Tg Puteri XXVI	Build, Operate And Charter Service Of Six (6) Units Of Z-Peller Harbour Tug Boats For Ten (10) Years With An Option To Renew For Two (2) Years	8 + 2 years: December 2017 to May 2025 (option to further extend by 2 years to May 2027)	30.59	3.16	6.46
Sg Udang						
2022	Nautica Tg Puteri XXXVIII	Provision And Operation of one (1) unit of 40 Tonnes Bollard Pull Harbour Tug for Sungai Udang Port Sdn Bhd - Regasification Terminal Operation	5 + 3 years: April 2022 to March 2027 (option to further extend by 3 years to March 2030)	29.78	10.59	11.17
2022	Nautica Tg Puteri XVIII	Provision And Operation of one (1) unit of Multipurpose Mooring Boat for Sungai Udang Port Sdn Bhd - Regasification Terminal Operation	5 + 3 years: February 2022 to January 2027 (option to further extend by 3 years to January 2030)	5.84	1.96	2.19
2023	Nautica Tg. Puteri XV	Operation of harbour tug	2 + 1 years: August 2023 – July 2025 (option to further extend by 1 year to July 2026)	10.07	3.96	3.36
2023	Nautica Tg. Puteri XVI	Operation of utility tug	2 + 1 years: August 2023 – July 2025 (option to further extend by 1 year to July 2026)	8.87	3.48	2.96
2023	Nautica Tg. Puteri XI	Time charter of one 40 Tonnes Bollard Pull Harbour Tug	2+1 years: October 2023 to September 2025 (option to further extend by 1 year to September 2026)	9.58	4.40	3.19

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Year of award	Vessel	Project scope	Firm period + extension (years)	Total contract value: Firm period + extension (RM' million)	Remaining contract value: Firm period (RM' million)	Contract value: Extension (RM' million)
2023	Nautica Tg. Puteri XII	Time charter of one 40 Tonnes Bollard Pull Harbour Tug	2+1 years: October 2023 to September 2025 (option to further extend by 1 year to September 2026)	9.58	4.30	3.19
2022	Petronas Floating LNG Facility (PFLNG 1) Satu, Malaysia / Libra Perfex Precision Sdn Bhd Nautica Tg Puteri XXVII	Provision Of Tugboat For Petronas Floating Lng 1 (L) Ltd (Pflng1)	2 + 2 years: November 2022 to November 2024 (option to further extend by 2 years to November 2026)	27.38	2.94	13.69
2022	Nautica Tg Puteri XXVIII	Provision Of Tugboat For Petronas Floating Lng 1 (L) Ltd (Pflng1)	2 + 2 years: November 2022 to November 2024 (option to further extend by 2 years to November 2026)	27.38	2.94	13.69
2022	Nautica Tg Puteri XXIX	Provision Of Tugboat For Petronas Floating Lng 1 (L) Ltd (Pflng1)	2 + 2 years: November 2022 to November 2024 (option to further extend by 2 years to November 2026)	27.38	2.94	13.69
2022	Nautica Tg Puteri XXXIII	Term Contract For Emergency Standby Vessel (Esv) Services For Petronas Floating Lng 1 (L) Ltd (Package A2)	2 + 2 years: November 2022 to November 2024 (option to further extend by 2 years to November 2026)	23.00	2.47	11.50
2022	Nautica Tg Puteri XXXVII	Term Contract For Emergency Standby Vessel (Esv) Services For Petronas Floating Lng 1 (L) Ltd (Package A1)	2 + 2 years: November 2022 to November 2024 (option to further extend by 2 years to November 2026)	16.71	2.47	11.50

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Year of award	Vessel	Project scope	Firm period + extension (years)	Total contract value: Firm period + extension (RM' million)	Remaining contract value: Firm period (RM' million)	Contract value: Extension (RM' million)
2023	Fast Crew Boat Nautica Tg. Puteri XXX ⁽ⁱ⁾	Charter hire Fast Crew Boat	5 + 3 months: December 2023 to May 2024 (option to further extend by 3 months to August 2024)	4.04	1.58	-
2023	Nautica Langsat	Charter hire Fast Crew Boat	123 + 258 days: July 2023 to November 2023 (Contract further extended to August 2024)	6.48	1.12	-
2024	Nautica Gambir	Charter hire Fast Crew Boat	180 days	3.56	3.56	-
Total				766.12	146.58	281.25

Note:-

(i) For information, the contract was previously serviced by Nautica Gambir.

Contract value is computed based on daily charter rates of the respective vessels multiplied with number of days in forming the contract tenure. The tenures are stipulated in the contracts.

The total remaining contract value for firm period for the above listed contracts are approximately RM146.6 million; of which approximately RM66.3 million is expected to be billed in FYE 2024, RM57.8 million in FYE 2025, RM22.5 million in FYE 2026 and onwards.

In the event that the Group is able to secure all the full amount for the extension periods of all the contracts, the Group will record an additional revenue of approximately RM281.3 million, expected to be billed approximately RM5.4 million in the FYE 2024, RM57.0 million in FYE 2025, RM218.9 million in FYE 2026 and onwards.

3. PRINCIPAL MARKETS

The Group's principal market is Malaysia. The table below illustrates the Group's revenue from its business segments for the past four FYEs:

Business segment	FYE 2020 (restated)		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Vessel charter hire income ⁽ⁱ⁾	243,726	80.38	119,531	74.45	136,672	88.96	102,170	76.77
Revenue from contract with customer ⁽ⁱⁱ⁾	59,467	19.62	41,025	25.55	16,968	11.04	30,909	23.23
Total	303,193	100.0	160,556	100.00	153,640	100.00	133,079	100.00

Notes:-

- (i) Vessel charter hire income relates to leasing income i.e. rental of vessels.
- (ii) Revenue from contract with customer relates to operation, repair and maintenance, mooring gang services, and meal and accommodation charge to customers.

The table below illustrates the Group's revenue by type of vessels for the past four FYEs:

Type of vessel	FYE 2020 (restated)		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Product tankers	54,357	17.93	23,843	14.85	38,700	25.19	33,259	24.99
FSO	69,186	22.82	31,550	19.65	28,350	18.45	17,611	13.23
Fast crew boats	6,044	1.99	3,165	1.97	5,676	3.70	8,887	6.68
Tugboats	100,558	33.17	94,865	59.09	80,330	52.28	72,964	54.83
Others*	73,048	24.09	7,133	4.44	584	0.38	358	0.27
Total	303,193	100.0	160,556	100.00	153,640	100.00	133,079	100.00

Note:-

- * Others includes revenue from provision of temporary storage tanker and shipbuilding services.

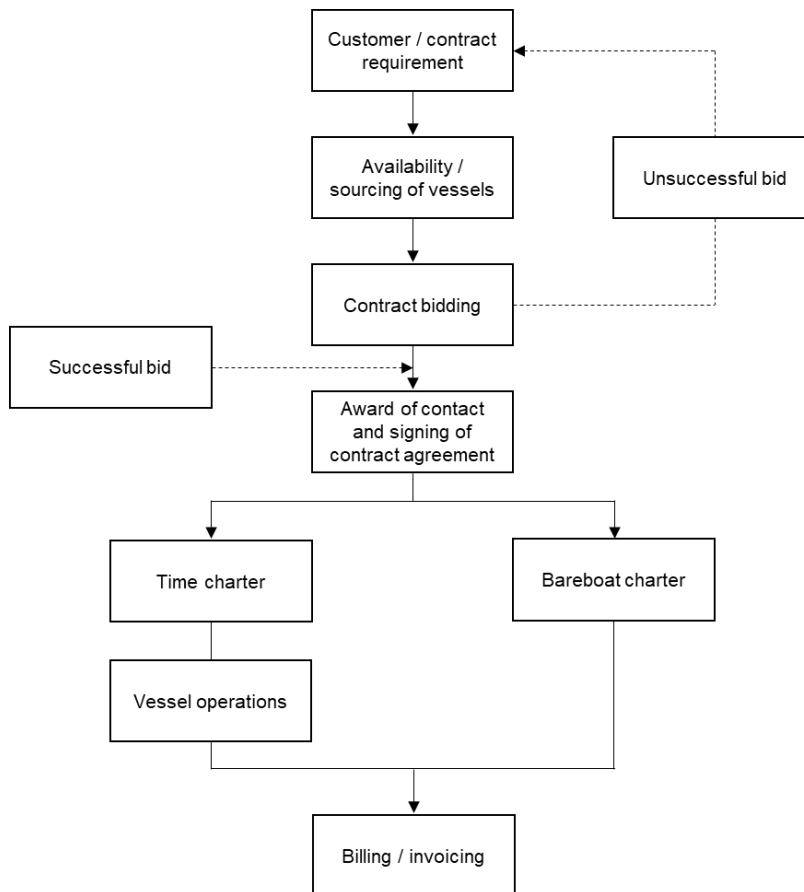
4. SEASONALITY

The Group is not susceptible to any seasonal fluctuations.

5. OPERATIONAL PROCESS

5.1 Marine vessel operations

The following diagram illustrates the operational flow of the Group's marine vessel operations:



(i) Customer / contract requirement

The Group's marine vessel operations begins with requesting for tenders from the customers, specifying the vessel requirements, job scope, and duration of the contract.

(ii) Availability / sourcing of vessels

The Group will assess its fleet of vessel's availability for the duration of the contract. In the event that the Group does not have the capacity to undertake the contract for the specified duration, additional vessels will be leased or acquired from external third-parties.

(iii) Contract bidding

Based on the availability of the Group's existing vessels and vessels available from external third-parties, a tender application will be submitted to the customer, specifying the price and conditions for appointment. If the tender is unsuccessful, no further action is required with the customer and the Group will cancel all bookings of vessels from external third-parties.

(iv) Award of contract and signing of contract agreement

Upon successful tender, a contract will be awarded to the Group by the customer for signing. Based on the contract conditions and scope of work, the Group's vessels are then chartered to the customers, either on a time charter or bareboat charter basis.

(v) Time charter

Under the time charter arrangement, the Group provides the vessel, crew and operates the vessel under the charterer's command.

(vi) Bareboat charter

Under the bareboat charter, the Group solely provides the vessel, whilst the charterer is responsible for providing the crew.

(vii) Vessel operations

The Group's vessels will be utilised in accordance with the contract, arrangement and terms which was agreed upon.

(viii) Billing / invoicing

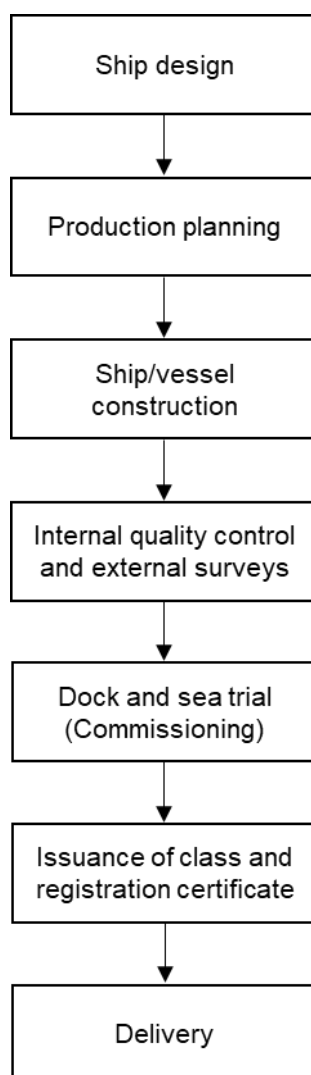
Monthly progress claims for the amount of services provided and any additional claims will be submitted to the customer for their review. Upon verification of the claims, the client will be invoiced for payment.

5.2 Shipbuilding operations

In the past, the Group's shipbuilding operations were a supporting arm to the Group's marine vessel operations and hence, did not generate revenue for the Group.

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The following diagram illustrates the operational flow of the Group's marine vessel shipbuilding:



(i) Ship design

The shipbuilding operations of the Group begins with designing the vessels to cater to the Group's operations, in accordance with the accepted standards implemented by the ship Classification Society. For external customers, the Group will liaise closely with the customer to understand its usage, requirements and specifications. Once the technical drawings and specifications are finalised, the application will be submitted to the ship Classification Society for approval.

(ii) Production planning

Upon obtaining approval for the design, the Group will begin the production planning for the construction and fit-out of the vessel which includes, amongst others, developing a construction schedule, as well as arranging and obtaining the required funding, procurement and purchasing of the necessary building materials and equipment.

(iii) Ship/vessel construction

Thereafter, the ship/vessel construction process will begin. Some of the construction works are undertaken by sub-contractors. The sub-contractors will be invited to submit tenders for the contract works. The contract will be awarded based on the Group's evaluation criteria which includes, amongst others, quality of work, pricing, timeline required, as well as their track record and compatibility with them.

(iv) Internal quality control and external surveys

The Group undertakes internal quality control procedures throughout the construction process to assess the structural integrity and ensure that the structures are in compliance with the technical drawing specifications. External surveys and inspections are also carried out by the ship Classification Society surveyors. Upon rectification of all defects subsequent to both the internal and external quality checks, the vessel construction process is completed.

(v) Docking and sea trial (Commissioning)

Subsequently, a dock trial and official sea trial will be carried out to ascertain the seaworthiness and proper functioning of the vessel.

(vi) Issuance of class and registration certificate

A class certificate and a registration certificate for the vessel are issued upon successful completion of the dock and sea trials. The certificates certifies that the vessel adheres to the specifications, standards and requirements set out in various international conventions that govern the shipping industry.

(vi) Delivery

The vessel will be delivered upon issuance of the relevant certificates.

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6. QUALITY ASSURANCE AND QUALITY CONTROL

6.1 Marine vessel operations

The Group places emphasis on safety management of its employees and its marine vessel operations, as well as for the prevention of pollution. The safety measures undertaken by the Group's marine vessel operations are as follows:

- (i) Undertake safe practices on-board and provide safe working environment for its onshore and offshore marine crew during operations;
- (ii) Undertake regular and maintenance and inspection of its vessels and equipment;
- (iii) Establish safeguards against all identified risk through continuing reviews;
- (iv) Provide training and guidance to improve safety management skills; and
- (v) Adhere to operating limits and parameters to comply with relevant industry rules and regulators.

In addition to the above, the Group has the following safety certificates for its vessels:

- (i) Cargo ship safety equipment certificates;
- (ii) Cargo ship safety radio certificates;
- (iii) Safety management certificates;
- (iv) Cargo ship safety construction certificates; and
- (v) The International Convention for the Prevention of Pollution from Ships (MARPOL) certificates.

6.2 Shipbuilding operations

The Group also places emphasis on the quality of its vessel that it builds. The quality standards which are maintained and adhered to by the Group are as follows:

- (i) Raw materials procured by the Group undergo internal checking prior to construction to ensure that the materials meet the required standards under International Organization for Standardization (ISO) and International Maritime Organization (IMO), and its specifications are consistent with the desired requirements of the vessel;
- (ii) External parties are engaged to perform welding tests on the metal welded works, especially on the welding seams;
- (iii) Final tests are conducted during the sea trial to ensure that the vessel and its instruments are functioning optimally; and
- (iv) Approval for the drawing design and inspection on the vessels will be conducted by the Classification Society prior to the issuance of class certificate for the vessels.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

The Group's shipbuilding and repair activities have been assessed and accredited with internationally recognised standards, as detailed in the table below:

Company	Standard	Certificate No.	Scope	Issuing party	Validity period
Johor Shipyard and Engineering Sdn Bhd	ISO 9001: 2015 (Standards)	MY008870	Provision of ship building, ship repair and engineering works	Bureau Veritas*	13 September 2024
Johor Shipyard and Engineering Sdn Bhd	ISO 9001: 2015 (UKAS)	MY008872	Provision of ship building, ship repair and engineering works	Bureau Veritas	13 September 2024
Johor Shipyard and Engineering Sdn Bhd	ISO 14001: 2015 (Standards)	MY008871	Provision of ship building, ship repair and engineering works	Bureau Veritas	13 September 2024
Johor Shipyard and Engineering Sdn Bhd	ISO 14001: 2015 (UKAS)	MY008873	Provision of ship building, ship repair and engineering works	Bureau Veritas	13 September 2024
Johor Shipyard and Engineering Sdn Bhd	ISO 45001:2018	MY008869	Provision of ship building, ship repair and engineering works	Bureau Veritas	13 September 2024

Note:-

* *Bureau Veritas is an independent third party and accredited Classification Society that verifies compliance with internationally recognised standards in relation to the shipbuilding operation of the EATECH Group.*

7. COMPETITIVE STRENGTHS

(i) Experienced key management

The Group has an experienced management team with vast knowledge and experience in their respective fields. The operations of the Group are spearheaded by Encik Nasrul, the Chief Executive Officer, who has more than 20 years of experience in the O&G industry. He is supported by Puan Mariam, the Chief Financial Officer and Mr New, the General Manager who each has more than 20 years of experience in their respective fields. The Group's key management is supported by an experienced team of engineers and various middle managers which comprises of 23 personnel.

Kindly refer to **Section 5.3.2** of Part A of this Circular for further information on the profiles of the key management.

(ii) Track record and established reputation in the marine charter vessel industry

The Group a track record of over 30 years in the marine charter vessel industry. Since the Company began operations in 1995, it has continuously expanded its service offering by building and acquiring additional marine vessels, as well as provide port marine services. The Group also offers spot charter services to better cater to the customers' requirements, as well as providing the customers with additional options for its marine vessel charter arrangement.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

The list of contracts below demonstrates some of the Group's track record in the charter marine vessel industry.

Year	Vessel	Project scope	Firm period + extension (years)	Daily charter rate for firm period + extension (RM' million)
2013	Nautica Tg. Puteri XIX, Nautica Tg. Puteri XX, Nautica Tg. Puteri XXI, Nautica Tg. Puteri XXIV, Nautica Tg. Puteri XXV & Nautica Tg. Puteri XXVI	Construct and operate 6 units of tugboats	10 + 2	135.59
2018	Nautica Tg. Puteri XXX, Nautica Gambir & Nautica Langsat	Provision and operation of fast crew boat	3 + 2	53.20
2019	MT Strovolos for TST Sepat	Temporary storage tanker	1 + 6 months	84.18
2019	Nautica Tg. Puteri I, Nautica Tg. Puteri XVII & Nautica Tg. Puteri XXII	Supply and operation of 3 units of harbour tugs	5 + 2	30.78
2012 – 2019	Nautica Muar	Provide bareboat charter and ship management for Nautica Muar	7 + 1	57.28
2019	Nautica Kluang 2 & Nautica Pontian 2	Shipbuilding and charter hire of 2 tankers	5 + 5	157.50
2021	Nautica Tembikai	Provide FSO for Tembikai Field	2 + 2	56.76
2021	Nautica Tg. Puteri XXXVIII & Nautica Tg. Puteri XVIII	Provide and operate tugboat and mooring boat	5 + 3	22.26
2022	Nautica Tg. Puteri XXIII, Nautica Tg. Puteri XXVII, Nautica Tg. Puteri XXVIII, Nautica Tg. Puteri XXIX, & Nautica Tg. Puteri XXXVIII	Charter hire for OSV	2 + 2	53.76
2023	Nautica Tg. Puteri XV & Nautica Tg. Puteri XVI	Charter hire for harbour tug & utility tug	2 + 1	12.63
2023	Nautica Tg. Puteri XI & Nautica Tg. Puteri XII	Charter hire for harbour tugs	2 + 1	12.78

The Group's long track record and established reputation in the industry has enabled it to build market awareness in the marine charter vessel industry, as well as strategically position itself to support its future expansion and growth plans.

(iii) Ownership of marine vessels

As at LPD, the Group's fleet of marine vessels consists of 27 owned marine vessels, consisting of product tankers, FSO, fast crew boats, harbor tugboats, utility tugboats and mooring tugboats.

The diverse fleet of marine vessels owned by the Group enables it to meet various requirements by its customers. Further, all the marine vessels are owned by the Group, the Group is able to generate higher profit margins for its services as it would not be required to incur recurring charter fees. Further, as charter of marine vessels from third-parties has a minimum value, the Group will not have to bear the risk of incurring charter fees without generating revenue, in the event that the secure charter vessel contracts are terminated.

Kindly refer to **Section 5.3** of Part A of this Circular for further information on the marine vessels of the Group.

(iv) In-house shipbuilding and ship repair

The Group's in-house shipbuilding capabilities enables the Group to customise its marine vessels to cater specifically to its customers' requirements and charter vessel contracts secured. As the shipbuilding and ship repair activities are undertaken in-house, the Group is able to reduce its cost to acquire and repair its vessels as compared to acquiring a ready-made vessel and hiring a vendor for the repair works. Further, the Group is able to closely monitor the timeline and costing. This enables the Group to ensure that there is a lower rate of delay for completion of the vessels and repairs, as well as lower cost overrun. In addition, as there are in-house engineers, the Group is able to carry out maintenance works on its vessels more regularly which increases the lifespan of the vessels and reduce the downtime of the vessels due to inability to operate.

(v) PETRONAS approved licenses

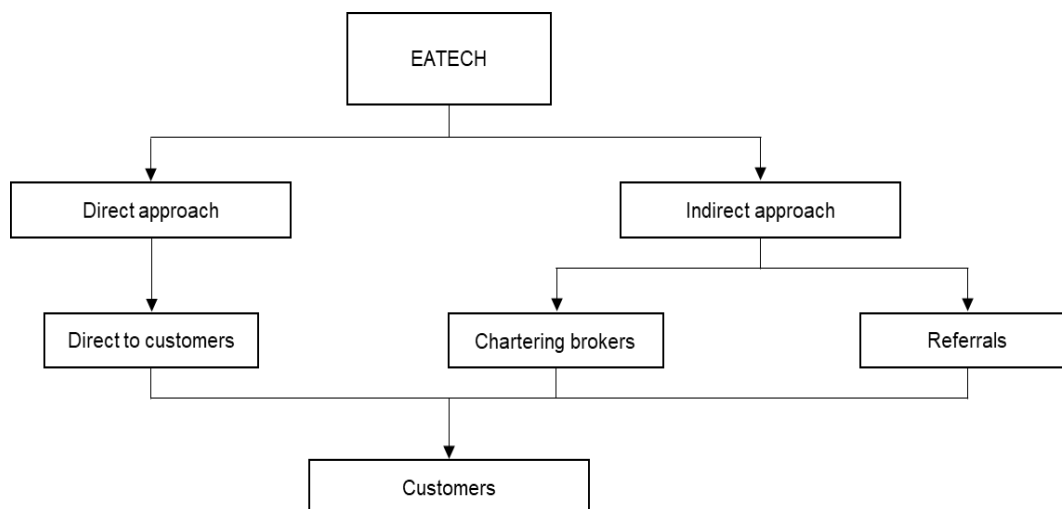
In Malaysia, it is mandatory to obtain specific licenses or registrations from PETRONAS in order to participate in the O&G industry in Malaysia. These licenses or SWECs must be applied for in accordance with the respective services and products, and also maintained valid to provide services during the designated period. The stringent requirements imposed a high barrier of entry for new entrants and mitigates the competitive intensity in the O&G industry in Malaysia.

As at the LPD, the Group holds 2 PETRONAS licenses to provide services in the O&G industry in Malaysia. They encompass various areas which includes, amongst others, operations of floating offshore facilities, fast crew boats, safety standby vessels, tug vessels, petroleum products and LPG tankers.

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8. MARKETING STRATEGIES

The marketing strategies of the Group are as illustrated below:



(i) Direct approach

Through the key management team’s professional network and experience in the O&G industry, they have built their own network of business associates and potential customers. Hence, from fostering and maintaining close business relationships with its existing and prospective customers the Group will identify and engage directly with the prospective customer. This allows the Group to better understand, as well as cater its services to meet the customer’s requirements. In addition, with the experience garnered by the key management team over the years, they are able to focus and target customers and contracts which are within the technical capability and operating capacity of the Group. Further, the Group emphasises its key advantages of having an established track record in the marine charter vessel industry and ownership of the marine vessels in its marketing strategies.

(ii) Indirect approach

The Group’s indirect marketing approach consists of engaging with chartering brokers as well as referrals from their business associates and existing customers to secure contracts.

The Group engages with chartering brokers to secure charter vessel contracts for a commission ranging from 2.5% to 5.0% of the work done in relation to the contract referred. The chartering brokers are normally engaged for shorter period contract when the Group’s vessels are in between contracts or close to expiry to optimize the earning potential of the vessels. For the financial years from 2019 to 2023 under review, the Group engaged various chartering brokers. Nonetheless, the Group is not exclusive to any of the charter brokers and hence, is able to engage with other chartering brokers.

Further, with the long track record and established reputation of the Group in the O&G industry the Group obtains referrals from its business associates and existing customers. The referrer is not provided with any commission or benefits for referring customers to the Group.

Marketing activities on chartering its vessel are undertaken by the Commercial Department, spearheaded by its Commercial Manager. Prior to the expiry of the Group's contracts, the Commercial Department will commence market research and study to identify potential new projects and tender that it can participate in once the existing contract expires. Historically, the process typically begin and can be completed approximately 2 to 3 months prior to expiry of contracts.

9. HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

The Group is committed to ensure the quality of business, safety, prevention of human injury, health disease or loss of life, and avoidance of damage to the environment, in particular, to the marine environment, and property.

It is the policy of the Group to provide healthy and safe working conditions, and to maintain a safe and pollution-free operating practice that complies with national and international regulations and relevant standards and guidelines include, amongst others, Occupational Safety and Health Act 1994, Environmental Quality Act 1974, International Safety Management Code, and International Ship and Port Facility Security Code.

The Group's Statement of Policy on Quality, Health, Safety and Environment Protection indicates Group's targets in achieving amongst others are zero injury and fatality; preventing any oil spills and pollution of the seas; continuously implementing and improving management system; and meeting client requirements and enhance client satisfaction.

10. INTERRUPTION TO BUSINESS AND OPERATIONS

In March 2020, the World Health Organisation declared the COVID-19 viral disease a global pandemic, raising the health emergency to its highest level. The Government had since then introduced various versions of the MCO to limit the spread of COVID-19. It has also issued various fiscal stimulus packages to combat the economic impact of the COVID-19 pandemic. The shipping industry, as well as the Group was impacted by the pandemic and the various versions of MCOs, in particular the initial MCOs impacting the shipping industry severely due to the disruptions in economic activity and global supply chain.

To reduce and mitigate potential disruptions in the Group's operations for both in sea and on land due to the COVID-19 pandemic, the Group issued and implemented a preventive and contingency plan that serves as a guide to navigate the required measures prescribed by the relevant authorities such as regular sanitization process, social distancing and wearing of face masks. As the Group's operations were categorized as essential services, only its operations at the headquarters were affected, where work from home arrangement were implemented to limit workforce capacity in the office.

The standard operating procedures were implemented to facilitate the optimisation of operational efficiencies and enhance productivity, whilst minimising workplace infection risks. The Group's operations had gradually improved and staff returned to full operations at its headquarters in 2021, in line with the improvement in the overall economic activities in Malaysia. Notwithstanding that the Group returned to full operations, the Group's customers and suppliers experienced delays and supply chain disruptions which reduced the earnings potential of the Group's existing charter vessel contracts, as well as reduced the number of new charter vessel contracts awarded.

Malaysia officially entered into the endemic phase of COVID-19 effective 1 April 2022, allowing all industries and businesses to operate with relaxed standard operating procedures. As such, the Group does not envisage any further unforeseen material adverse effects on its budget and financial projections in the long term.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

11. MAJOR CUSTOMERS

The Group's top 5 customers for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 are as follows:-

Customer	Business segment	Scope of works	Approximate length of relationship as at LPD	FYE 31		FYE 31		FYE 31		FYE 31			
				December 2019	December 2020	December 2021	December 2022	December 2023	December 2023				
			Years	RM'000	%	RM'000	%	RM'000	%	RM'000	%		
Customer A	Product Tanker	Time Charter	> 10	64,585	23.8	58,457	19.3	35,528	22.1	38,700	25.2	29,387	22.1
Vestigo Petroleum Sdn Bhd	FSU/FSO	Bareboat Charter	> 10	96,013	35.3	69,186	22.8	31,550	19.7	28,350	18.5	18,499	13.9
Customer B	Tug Boat	On Spot/Time Charter	7	29,820	11.0	37,119	12.2	37,170	23.2	35,352	23.0	-	-
Customer C	Tug Boat	Time Charter	10	18,431	6.8	18,712	6.2	16,542	10.3	18,460	12.0	18,984	14.3
Sungai Udang Port Sdn Bhd	Tug Boat	Time Charter	> 10	16,640	6.1	-	-	14,889	9.3	14,178	9.2	15,280	11.5
Customer D	Offshore Works	Time Charter	7	-	-	73,048	24.1	-	-	-	-	-	-
Customer E	Tug Boat	Time Charter	> 10	8,360	3.1	7,842	2.6	6,434	4.0	6,066	3.9	5,958	4.5
Total revenue from top 5 customers				233,849	86.1	264,364	87.2	142,113	88.6	141,106	91.8	88,108	66.3
Total Revenue				271,872		303,193		160,556		153,640		133,079	

For the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, the Group's top 5 customers contributed 86.1%, 87.2%, 88.6%, 91.8% and 66.3%, respectively, of its total revenue over the corresponding years. Despite the contributions from the top 5 customers, the Board is of the view that the Group is not dependent on their customers as these contracts are firm contracts over specified tenures.

Due to the sensitivity of information which may affect the Group and its customers' negotiations and competitiveness for future contracts, the Company has not been given consent to disclose the names of all its customers. Nonetheless, where the names are not disclosed, a description of these customers have been confirmed by the relevant customers and/or obtained from publicly available sources. The following table summarises the information of Customer A, B, C, D and E.

Name	Description
Customer A	A private limited company incorporated in Wilayah Persekutuan Labuan and is involved in the trading and marketing of petroleum and derivative products. It is part of a larger integrated oil and gas corporation involved in the entire value chain of the oil and gas industry in Malaysia and overseas.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name	Description
Customer B	A private limited company incorporated in Wilayah Persekutuan Labuan and is principally an owner and operator of floating liquefied natural gas facility. It is part of a larger integrated oil and gas corporation involved in the entire value chain of the oil and gas industry in Malaysia and overseas.
Customer C	A private limited company incorporated in Malaysia and is principally involved in the provision of port operation services in Klang Selangor. It is part of a larger group that is involved in the ports and logistics, energy and utilities, industrial development and engineering industries.
Customer D	A private limited company incorporated in Malaysia on 17 August 1974 and is principally involved in oil and gas exploration and production activities. It is part of a larger integrated oil and gas corporation involved in the entire value chain of the oil and gas industry in Malaysia and overseas.
Customer E	A private limited company incorporated in Malaysia on 19 July 1993 and is principally involved in the construction, management and operation of Kerfih Port, as well as the provision of facilities and services relating to port operations. It is part of a larger group of companies that is involved in the manufacturing, marketing and selling of petrochemicals.

12. MAJOR SUPPLIERS

The top 5 suppliers of the Group for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 are as follows:-

Supplier	Nature of Supply	Product / Services supplied	Approximate length of relationship as at LPD	FYE 31 December 2019		FYE 31 December 2020		FYE 31 December 2021		FYE 31 December 2022		FYE 31 December 2023	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Supplier A	Ship Builder	EPC/IC	10	-	124,686	41.7	16,066	12.0	9,830	7.6	-	-	
Supplier B	Shipowner	Charter Hire	> 10	9,536	4.9	12,219	4.1	11,794	8.8	-	-	-	
Supplier C	Ship Builder	Tug Boat	10	23,765	12.2	-	-	-	-	-	-	-	
Supplier D	Ship Builder	Vessel	5	23,123	11.9	31,194	10.4	59,167	44.1	-	-	-	
Franklin Offshore International Pte Ltd	Marine Product	Installation Of Mooring System	4	14,498	7.4	17,677	5.9	-	-	-	-	-	
Supplier E	Ship Owner	Charter Hire	4	12,944	6.6	18,489	6.2	-	-	-	-	-	
Global Marine & Offshore Sdn Bhd	Marine Services	Transportation & Installment Of Vessel Equipment	> 10	-	-	-	-	14,375	10.7	4,139	3.2	-	
Supplier F	Insurance Broker	Insurance Premium	5	-	-	-	-	10,136	7.6	10,044	7.8	11,124	
Supplier G	Marine Product	Bunker/ Fresh water	6	-	-	-	-	-	-	5,717	4.4	-	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Supplier	Nature of Supply	Product / Services supplied	Approximate length of relationship as at LPD Years	FYE 31 December 2019		FYE 31 December 2020		FYE 31 December 2021		FYE 31 December 2022		FYE 31 December 2023	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Supplier H	Marine Product	Bunker	> 10	-	-	-	-	-	-	5,316	4.1	-	-
Supplier I	Marine Services	Towing Services	1	-	-	-	-	-	-	-	-	4,575	5.3
Supplier J	Spare parts, ship repair and maintenance	Spare Parts/ Repair Services	5	-	-	-	-	-	-	-	-	2,605	3.0
Supplier K	Marine Services	Towing Services	1	-	-	-	-	-	-	-	-	1,620	1.9
Supplier L	Class Certification	Certification Services	> 10	-	-	-	-	-	-	-	-	1,397	1.6
Total cost from top 5 suppliers				83,866	43.0	204,265	68.3	111,538	83.2	35,046	27.1	21,321	24.9
Total Cost				194,933		299,116		134,093		128,693		85,559	

For the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FYE 31 December 2022, purchases from its top 5 suppliers amounted to 43.0%, 68.3%, 83.2%, 27.1% and 24.9% of its total purchases over the corresponding period. Despite the level of contribution from the major suppliers, the Group not dependent on them as it is able to source from other suppliers in Malaysia and overseas.

Due to the sensitivity of information which may affect the Group and its suppliers' negotiations and competitiveness for future contracts, the Company has not been given consent to disclose the names of all its suppliers. Nonetheless, where the names are not disclosed, a description of these suppliers have been confirmed by the relevant suppliers and/or obtained from publicly available sources. The table below shows the remaining major suppliers of the Group:

Name	Description
Supplier A	A private limited company incorporated in Malaysia on 18 May 1973 and is principally involved in marine repairs and conversion, as well as oil and gas engineering and construction works. It is part of a larger group of companies involved in the provision of energy and marine solutions.
Supplier B	A private limited company incorporated in Malaysia on 24 June 2003. It is principally involved in the provision of marine services.
Supplier C	A private limited company incorporated in Singapore in 1977 and is principally involved in shipbuilding and repair, steel fabricator, supplier of marine and oil and gas equipment.
Supplier D	A private limited company incorporated in People's Republic of China in 1992. It is principally involved in the trading of maritime equipment and materials, shipbuilding and repair as well as consultancy services. It is part of a larger group of companies that is involved in shipbuilding and repair activities.
Supplier E	A private limited company incorporated in Liberia and is principally an owner of a tanker vessel.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name	Description
Supplier F	A private limited company incorporated in Malaysia on 3 February 1983 and is principally an insurance agent and broker.
Supplier G	A private limited company incorporated in Malaysia on 3 July 2012 and is principally involved in provision of petroleum products.
Supplier H	A private limited company located in Singapore which is principally involved in the spot and charter bunkering and trading as well as trading of lubricant products.
Supplier I	A sole proprietorship registered in Malaysia and is principally involved in the provision of marine engineering services and equipment.
Supplier J	A private limited company incorporated in Malaysia on 3 March 2017. It is principally involved in the sales and service of industrial engineering equipment.
Supplier K	A private limited company incorporated in Malaysia on 21 August 2006. It is principally involved in the provision of civil engineering services related to the marine industries, as well as shipping agent in the marine industry.
Supplier L	A private limited company incorporated in Malaysia on 4 March 1987. It is principally involved in the provision of services relating to the assessment, testing and certification of engineering sites, projects, works equipment, vehicles, ships and plants. It is part of a larger group of companies that are involved in similar services.

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APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

As at LPD, the properties owned by the Group are as follows:-

No.	Name of registered owner	Approximate tenure/ date of expiry leasehold interest	Address	Description and existing use	Land area/ built up area	Date of Issuance of Certificate of Fitness for Occupation / Certificate of Completion and Compliance	Restriction in interest/ encumbrances	Unaudited net book value as at 31 March 2024 (RM)
1.	EATECH	14 / Freehold	Setiawangsa Business Suite, C-3A-3A, No. 2, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Commercial unit at 4th floor of a 5 – storey office block held for our head office	6,565.98 square feet	8 February 2007	Nil	823,353.00
2.	EATECH	17 / Freehold	No. C-15-1, No. 2, Jalan 13/21D, Medan Idaman, Gombak, Kuala Lumpur	Apartment for seafarers in-transit	850.35 square feet	6 July 2004	Nil	122,958.00
3.	Johor Shipyard and Engineering Sdn Bhd	9 / This building is built on a leased land ⁽ⁱ⁾	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	Ship construction, repairs and all such shipyard activities and other related activities	16,000 square feet	9 December 2014	Nil	2,398,128.00

Note:-

- (i) The remaining tenure on the leasehold land is 84 years expiring on 4 February 2109. In view thereof, the Company does not expect impact to the Group's operations in the short term due to the expiry of the lease.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

As at LPD, the Group has the following rented properties:-

No.	Tenant	Registered owner	Address	Tenure / Expiry of Lease	Description and existing use	Built up area / land area (sq ft)	Rented area (sq ft)	Rental per month RM
1.	EATECH	Kertih Port Sdn Bhd	KPSB Administrative Complex Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan, Kuala Terengganu	1 year and 4 months tenancy commencing from 1 September 2023 and expiring on 31 December 2024.	Parcel of office / business premises	Built-up: 331 Land area: N/A	331	1,264.35
2.	EATECH	Dato' Ahmad Fathiri Bin Ahmad Fadzilah	Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	2 years tenancy commencing from 1 November 2022 and expiring on 31 October 2024	Commercial unit at third (3rd) floor of a five (5) – storey office block held for our office use	Built-up: 3,283 Land area: N/A	3,283	8,260.00
3.	EATECH	Northport (Malaysia) Bhd	Level 1 Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor	1 year tenancy commencing from 1 July 2023 and expiring on 30 June 2024	Office space at first (1st) floor of Marine Services Building for office use	Built-up: 697 Land area: N/A	697	1,498.55
4.	EATECH	Northport (Malaysia) Bhd	Storage room in front of Marine Office Building at Northport (Malaysia) Bhd	1 year commencing from 1 July 2023 and expiring on 30 June 2024	Storage space	Built-up: 651 Land area: N/A	651	1,074.15
5.	EATECH	Wan Kamariah Binti Abu Bakar	No 38-1, Jalan Setiawangsa 11A, Taman Setiawangsa, 54200 Kuala Lumpur	2 years tenancy commencing from 1 November 2022 and expiring on 31 October 2024	Office space at first (1st) floor for storage space	Built-up: 1,646 Land area: N/A	1,646	2,200.00
6.	EATECH	Sumber Shipyard and Engineering Sdn Bhd	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	20 years tenancy expiring on 30 November 2032 with an option to renew for another 10 years	Ship construction, repairs and all such shipyard activities and other related activities	Land area: 435,626	435,626	14,700.00

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

No.	Tenant	Registered owner	Address	Tenure / Expiry of Lease	Description and existing use	Built up area / land area (sq ft)	Rented area (sq ft)	Rental per month RM
7.	EATECH	Oasis Marine Enterprise (Sg. Udang office)	Lot 1255, Batu 91/2 Pantai Kundur, 76400 Tanjung Keling, Melaka	1 year tenancy commencing from 1 July 2023 and expiring on 30 June 2024	Office space for port operations at Sg. Udang	Built-up: 200 Land area: N/A	200	800.00
8.	EATECH	KK Machinery Sdn Bhd	Lot 4, First Floor & Wisma KKM, Mile 5, Jalan Tuaran, 88450 Kota Kinabalu, Sabah.	2 years tenancy commencing from 15 May 2023 until 14. May 2025	Office	Built-up: 1,290 Land area: N/A	1,290	1,000.00
9.	EATECH	Ng Mui Kyun (Kota Kinabalu Office)	Lot 16-2, Lorong Lintas Plaza, Lintas Plaza, 88300 Kota Kinabalu, Sabah	2 years tenancy commencing from 1 November 2022 and expiring on 31 October 2024	Office space for port operations at Kota Kinabalu	Built-up: 1,108.68 Land area: N/A	1,108.68	1,540.00
10.	EATECH	Kamariah binti Baharudin	A-2-12, Setiawangsa Business Suites, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	2 years tenancy commencing from 1 December 2022 and expiring on 30 November 2024	Office	Built-up: 1,700 Land area: N/A	1,700	4,500.00
11.	EATECH	Super Enchance Sdn Bhd	16, Jalan Seri Buana 3, Taman Tangga Batu Perdana, 76400 Tanjung Kling, Melaka.	2 years tenancy commencing from 1 April 2024 and expiring on 31 March 2026	Office Space	Built-up: 1,540 Land area: N/A	1,540	1,200.00

For information, the Group has obtained the required business licenses for all the rented properties above, except for the rented properties at Kerthi, Sg. Udang, Kota Kinabalu and office space at Taman Setiawangsa, First Floor, as these rented properties do not require business licenses for their intended purposes. As at LPD, the business license for rented office space at Northport is in the progress of renewal.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

14. LICENSES AND PERMITS

The following licenses/permits are required for the operations of the Group:-

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
MITI	Johor Shipyard and Engineering Sdn Bhd	Manufacturer License	A 019671	Effective date from 05.05.2014 (no expiry date)	(i) The sale of these company shares must be notified to the Ministry of International Trade and Industry (MITI) and the Malaysian Investment Development Board (MIDA). (ii) This company must train Malaysians so that the transfer of technology and expertise can be channelled at all job levels. (iii) This company must implement its projects as approved and in accordance with the laws and other regulations stipulated in Malaysia.	Complied
Majlis Perbandaran Teluk Intan	Johor Shipyard and Engineering Sdn Bhd	Business License	L-0015836-07	01.01.2024 until 31.12.2024	Nil	Complied
PETRONAS	Johor Shipyard and Engineering Sdn Bhd	PETRONAS License - License To Supply Product/Service To Exploration And Oil/Gas Companies In Malaysia	799576U	19.04.2021 until 18.04.2024	1. Company is required to register, obtain a license, permit or authorization from the relevant authority to carry out the services or supply of product or material used in company's operation and activities; 2. This license is not transferable to any company/other party; 3. This license will be revoked if the company is found to be in the process of liquidation, winding-up or dissolution;	In the process of renewal ^(b)

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>4. Company shall inform PETRONAS on any changes related to company's position such as equity ownership, board of directors and management staff within fourteen (14) days. Failure to do so can result in revoke of License;</p> <p>5. Company should take immediate action to adhere to the special conditions imposed as stated in the appendix of the PETRONAS license certificate and to inform PETRONAS on the progress of this action;</p> <p>6. Company is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS;</p> <p>7. This License is only valid for services and supply of products as stated in the appendix of the PETRONAS license certificate;</p> <p>8. This company can be penalised if in PETRONAS' opinion, it has conducted one or more of the following:</p> <ul style="list-style-type: none"> (i) Failed to execute the award job until completion. (ii) Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others. (iii) Received garnishee order. (iv) Facing bankruptcy action. 	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>(v) Cannot be traced through the last address</p> <p>(vi) Sub-contract work to another contractor without written permission from PETRONAS.</p> <p>(vii) Reject any contract or tender awarded.</p> <p>(viii) Entering or accepting contract or tender during the license suspension period.</p> <p>(ix) Provide false, inaccurate or misleading information.</p> <p>(x) Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying.</p> <p>(xi) Engaged in any inappropriate activities with this License.</p> <p>9. According to Act 9, Petroleum Acts 1974, a person who initiate or continue any business or continue providing services as mentioned in Act 3 without a license or do not comply with any condition of the license is committing a crime and can be fined not exceeding RM50,000.00 (Fifty Thousand Ringgit) or imprisonment for a period not more than two (2) years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 (One Thousand Ringgit) for every one (1) day or any part of one (1) day which the offense continues after the first conviction is recorded;</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>10. The company either by itself, through its employees, directors, agents or its employees;</p> <p>(i) Not allow to use the logo of the PETRONAS's oil drop or the word "PETRONAS" or use any mark, logo or words or wearing typeface, font, which resembles the appearance or colour trademarks owned or used by PETRONAS or its subsidiaries ("the PETRONAS trademarks") in any form whether in printing materials, websites or hand board; and</p> <p>(ii) Not allow to perform any act 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 company is allowed to use reference [Company] is licensed by PETRONAS [No. license], under Act 3 Petroleum Act 1974.</p> <p>11. This License may be revoked, suspended or blacklisted at any time if any of the above conditions, general conditions of PETRONAS license and registration and any other conditions set in PETRONAS License and Registration General Guidelines are not fulfilled.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
Ministry of Finance (MOF)	Johor Shipyard and Engineering Sdn Bhd	Company Certificate of Registration	K63357396383613825	21.08.2023 until 20.08.2026	<p>GENERAL CONDITION</p> <p>(i) This approval is given based on the information provided by the company.</p> <p>(ii) The company must submit all information within the prescribed period when requested by the Malaysian Ministry of Finance. Failure to do so will result in actions.</p> <p>(iii) The company must ensure that the fields that have been registered in this certificate do not overlap with the fields that have been approved for any company as follows: (a) Having the same Owner or Board of Directors/Directors, Management and Employees; or (b) Operate on the same premises.</p> <p>(iv) A newly registered company is not allowed to make any changes to the Owner or Director within six (6) months from the date the company was registered.</p> <p>(v) Failure of the company to apply for renewal of registration one (1) year from the date of expiry of registration may result in the company's registration with the Malaysian Ministry of Finance being cancelled and automatically removed from the eProcurement System. The company must make a new application.</p>	In the process of renewal ^(a)

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>1. SUSPENSION/ TERMINATION OF REGISTRATION</p> <p>The company's registration will be suspended/cancelled if the company is found to have committed the following offences:</p> <p>(i) The company /owner/ partnership/ director /any member of the management has committed a crime and been found guilty by a court in Malaysia or abroad or is subject to civil liability.</p> <p>(ii) The company withdraws the offer before the tender is considered or rejects it after the offer has been made.</p> <p>(iii) The company failed to fulfil the obligations of the contracts that had been signed with the Government.</p> <p>(iv) The company was found to have amended the Company Registration Certificate with the purpose of cheating or other purposes.</p> <p>(v) The company allows the Company Registration Certificate to be misused by other individuals/companies.</p> <p>(vi) The company was found to make price pacts with other companies when entering Government tenders or subcontracts without prior approval from the Government Agencies involved.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>2. RENEWAL</p> <p>(i) The company must submit a registration renewal application (3) months before the end of the registration period.</p> <p>(ii) Applications received after the expiry of the registration period are considered renewal registrations.</p> <p>3. GOVERNMENT RIGHTS</p> <p>(i) Certificate of Declaration of Company Registration that is issued virtually is the property of the Government. The Government reserves the right to withdraw registration/suspend/cancel if the company is subject to disciplinary action in accordance with 1PP/PK8 (Government Procurement Treasury Circular 8).</p> <p>4. PARTICIPATION IN GOVERNMENT PROCUREMENT</p> <p>(i) With the issuance of the Virtual Certificate, this Certificate no longer needs to be shown when taking Government procurement documents (direct purchase, tender/quotation and other procurement methods) except for Government Agencies that do not have internet access.</p> <p>(ii) The company must ensure that the registration with the Malaysian Ministry of Finance is still valid throughout the contract period.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
PETRONAS	EATECH	PETRONAS License - License To Supply Product/Service To Exploration And Oil/Gas Companies In Malaysia	199301001779	27.03.2024 until 28.04.2027	<p>6. WARNING ABOUT THE OFFENCE OF CORRUPTION</p> <p>Any act or attempted bribery to offer or give, request or accept any bribe to and from any person in relation to Government procurement is a criminal offence under the Malaysian Anti-Corruption Commission Act 2009 [Act 694].</p>	Complied
					<p>1. Company is required to register, obtain a license, permit or authorization from the relevant authority to carry out the services or supply of product or material used in company's operation and activities;</p> <p>2. This license is not transferable to any company/other party;</p> <p>3. This license will be revoked if the company is found to be in the process of liquidation, winding-up or dissolution;</p> <p>4. Company shall inform PETRONAS on any changes related to company's position such as equity ownership, board of directors and management staff within fourteen (14) days. Failure to do so can result in revoke of License;</p> <p>5. Company should take immediate action to adhere to the special conditions imposed as stated in the appendix of the PETRONAS license certificate and to inform PETRONAS on the progress of this action;</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>6. Company is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS;</p> <p>7. Company shall allow PETRONAS representatives for inspection visit / site / company audit and review / copy of documents and interviewing employees and related parties;</p> <p>8. This License must be shown to PETRONAS's officers when it is required for inspection;</p> <p>9. This License is only valid for services and supply of products as stated in the appendix of the PETRONAS license certificate;</p> <p>10. This company can be penalised if in PETRONAS' opinion, it has conducted one or more of the following;</p> <p>(i) Failed to execute the award job until completion.</p> <p>(ii) Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others.</p> <p>(iii) Received garnishee order.</p> <p>(iv) Facing bankruptcy action.</p> <p>(v) Cannot be traced through the last address.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>(vi) Sub-contract work to another contractor without written permission from PETRONAS.</p> <p>(vii) Reject any contract or tender awarded.</p> <p>(viii) Entering or accepting contract or tender during the license suspension period.</p> <p>(ix) Provide false, inaccurate or misleading information.</p> <p>(x) Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying.</p> <p>(xi) Engaged in any inappropriate activities with this License.</p> <p>11. According to Act 9, Petroleum Acts 1974, a person who initiate or continue any business or continue providing services as mentioned in Act 3 without a license or do not comply with any condition of the license is committing a crime and can be fined not exceeding RM50,000.00 (Fifty Thousand Ringgit) or imprisonment for a period not more than two (2) years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 (One Thousand Ringgit) for every one (1) day or any part of one (1) day which the offense continues after the first conviction is recorded;</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>12. The company either by itself, through its employees, directors, agents or its employees;</p> <p>(i) Not allow to use the logo of the PETRONAS's oil drop or the word "PETRONAS" or use any mark, logo or words or wearing typeface, font, which resembles the appearance or colour trademarks owned or used by PETRONAS or its subsidiaries ("the PETRONAS trademarks") in any form whether in printing materials, websites or hand board; and</p> <p>(ii) Not allow to perform any act 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 company is allowed to use reference [Company] is licensed by PETRONAS [No. license], under Act 3 Petroleum Act 1974.</p> <p>13. This License may be revoked, suspended or blacklisted at any time if any of the above conditions, general conditions of PETRONAS license and registration and any other conditions set in PETRONAS License and Registration General Guidelines are not fulfilled.</p>	
Johor Port Berhad	EATECH	Vendor Registration License	54/2013	20.05.2023 until 31.05.2025	Nil	Complied

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
MOF	Johor Shipyard and Engineering Sdn Bhd	Approval Bona Fide status for Shipbuilding and Ship Repair Company is eligible to claim duty/tax exemption in accordance with the provisions under Item 53 of the Customs Duty (Exemption) Order 2017 and Item 44 Schedule A of the Sales Tax (Persons Exempted from Tax Payment) Order 2018.	Reference No.: MOF.TAX.700-1/3/24 JLD.2 (3)	1.01.2023 until 31.12.2027	<ol style="list-style-type: none"> 1. All invoices and supporting documents relating to this import must be in the name of the company approved for exemption. 2. Importing/purchasing must go through the Customs station as approved. If importing/purchasing must be done through another Customs station, written permission must be obtained first from the approved customs station. If the company wishes to obtain supplies from GPB/GB, the company is required to obtain permission from the customs station that controls the company. 3. All raw materials / components / equipment that are exempt from duty / tax must be stored at the company's factory. Any change of address or additional store/factory can only be made after obtaining written permission obtained in advance from the Customs Department that controls the company. 4. All changes of address or additional stores/factory can only be made after written permission has been obtained in advance from Royal Customs Malaysia controls the company. 5. The company is allowed to export its finished products through third parties (dealer) after obtaining approval from the Royal Malaysian Customs. 	Complied

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>6. The company shall:</p> <p>(i) provide a record of the use of raw materials/ components/ equipment including manufacturing waste/slag, finished products in the factory as well as the amount marketed;</p> <p>(ii) prepare a statement every three (3) months regarding (a) above as per the format that has been mutually agreed upon in writing by the senior custom officer/company and must be signed and verified by the company's accountant or an office authorized by the company. It must be submitted to the controlling customs station within a period of one month the following it; and</p> <p>(iii) obtain written approval from the controlling customs station for the transfer including sale, destruction and export of raw material/ component/ equipment manufacturing waste/ waste. For the sale of manufacturing waste/manufacture waste and raw material/ component/ equipment in the local market, duties/taxes involved must be paid in advance and for the quantity destroyed, the duty/tax involved will be remitted.</p> <p>7. The relevant raw materials/components cannot be removed from store and factory premises that have been approved for the purpose of sub-contract work except with the written approval of the Royal Malaysian Customs Department.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>8. The company must notify the Royal Malaysian Customs within 14 days in writing of the occurrence of any of the following:</p> <ul style="list-style-type: none"> (i) A resolution approved for the winding up of the company; (ii) An order is made for the winding up of the company; (iii) The appointment of a liquidator (liquidator) or receiver (receiver) is made; and (iv) The company is involved in any case of civil claims, bankruptcy, termination, company closure and so on. <p>9. This exemption may be revoked/withdrawn by the Ministry of Finance at any time without giving any reason. If the relevant duties/taxes are required to be paid back, then all duties/taxes that have been exempted must be paid within one month and the date of the letter of cancellation, cancellation or withdrawal of the exemption.</p> <p>10. This approval is also subject to other laws and regulations in force in Malaysia.</p>	
MOF	EATECH	Company Registration Certificate	K1012314904257 3860	26.06.2022 until 25.06.2023	<p>1. GENERAL CONDITION</p> <ul style="list-style-type: none"> (i) This approval is given based on the information provided by the company. (ii) The company must submit all information within the prescribed period when requested by the Malaysian Ministry of Finance. Failure to do so will result in actions. 	Pending renewal ^(a)

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>(iii) The company must ensure that the fields that have been registered in this certificate do not overlap with the fields that have been approved for any company as follows:</p> <p>(a) Have the same Owner or Board of Directors/Directors, Management and Employees; or</p> <p>(b) Operate on the same premises.</p> <p>(iv) The Malaysian Ministry of Finance reserves the right to conduct a visit or audit inspection at any time without prior notice. Failure to comply with the conditions of registration, field code and/or registration of your company may be suspended/cancelled and the company, Owner and Board of Directors/Directors may be subject to disciplinary action including blacklisting without any notice if the information provided is found to be incorrect.</p> <p>(v) A newly registered company is not allowed to make any changes to the Owner or Director within six (6) months from the date the company was registered.</p> <p>(vi) Failure of the company to apply for renewal of registration one (1) year from the date of expiry of registration may result in the company's registration with the Malaysian Ministry of Finance being cancelled and automatically removed from the eProcurement System. The company must make a new application.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>2. SUSPENSION/ TERMINATION OF REGISTRATION</p> <p>The company's registration will be suspended/cancelled if the company is found to have committed the following offences:</p> <p>(i) The company /owner /partnership /director /any member of the management has committed a crime and been found guilty by a court in Malaysia or abroad or is subject to civil liability.</p> <p>(ii) The company withdraws the offer before the tender is considered or rejects it after the offer has been made.</p> <p>(iii) The company failed to fulfil the obligations of the contracts that had been signed with the Government.</p> <p>(iv) The company was found to have amended the Company Registration Certificate with the purpose of cheating or other purposes.</p> <p>(v) The company allows the Company Registration Certificate to be misused by other individuals/companies.</p> <p>(vi) The company was found to make price pacts with other companies when entering Government tenders or subcontracts without prior approval from the Government Agencies involved.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>3. RENEWAL</p> <p>(i) Your company must submit a registration renewal application (3) months before the end of the registration period.</p> <p>(ii) Applications received after the expiry of the registration period are considered renewal registrations.</p> <p>4. GOVERNMENT RIGHTS</p> <p>(i) Certificate of Declaration of Company Registration that is issued virtually is the property of the Government. The Government reserves the right to withdraw registration/suspend/cancel if the company is subject to disciplinary action in accordance with 1PP/PK8 (Government Procurement Treasury Circular 8).</p> <p>5. PARTICIPATION IN GOVERNMENT PROCUREMENT</p> <p>(i) With the issuance of the Virtual Certificate, this Certificate no longer needs to be shown when taking Government procurement documents (direct purchase, tender/quotation and other procurement methods) except for Government Agencies that do not have internet access.</p> <p>(ii) The company must ensure that the registration with the Malaysian Ministry of Finance is still valid throughout the contract period.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
PETRONAS	Libra Perfex Precision Sdn Bhd	PETRONAS License - License To Supply Product/Service To Exploration And Oil/Gas Companies In Malaysia	200501029305	12.09.2023 until 08.11.2026	<p>6. WARNING ABOUT THE OFFENCE OF CORRUPTION</p> <p>(i) Any act or attempted bribery to offer or give, request or accept any bribe to and from any person in relation to Government procurement is a criminal offence under the Malaysian Anti-Corruption Commission Act 2009 [Act 694].</p> <p>1. Company is required to register, obtain a license, permit or authorization from the relevant authority to carry out the services or supply of product or material used in company's operation and activities;</p> <p>2. This license is not transferable to any company/other party;</p> <p>3. This license will be revoked if the company is found to be in the process of liquidation, winding-up or dissolution;</p> <p>4. Company shall inform PETRONAS on any changes related to company's position such as equity ownership, board of directors and management staff within fourteen (14) days. Failure to do so can result in revoke of License;</p> <p>5. Company should take immediate action to adhere to the special conditions imposed as stated in the appendix of the PETRONAS license certificate and to inform PETRONAS on the progress of this action;</p>	Complied

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>6. Company is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS;</p> <p>7. Company shall allow PETRONAS representatives for inspection visit / site / company audit and review / copy of documents and interviewing employees and related parties;</p> <p>8. This License must be shown to PETRONAS's officers when it is required for inspection;</p> <p>9. This License is only valid for services and supply of products as stated in the appendix of the PETRONAS license certificate;</p> <p>10. This company can be penalised if in PETRONAS' opinion, it has conducted one or more of the following:</p> <ul style="list-style-type: none"> (i) Failed to execute the award job until completion. (ii) Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others. (iii) Received garnishee order. (iv) Facing bankruptcy action. (v) Cannot be traced through the last address 	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>(vi) Sub-contract work to another contractor without written permission from PETRONAS.</p> <p>(vii) Reject any contract or tender awarded.</p> <p>(viii) Entering or accepting contract or tender during the license suspension period.</p> <p>(ix) Provide false, inaccurate or misleading information.</p> <p>(x) Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying.</p> <p>(xi) Engaged in any inappropriate activities with this License.</p> <p>11. According to Act 9, Petroleum Acts 1974, a person who initiate or continue any business or continue providing services as mentioned in Act 3 without a license or do not comply with any condition of the license is committing a crime and can be fined not exceeding RM50,000.00 (Fifty Thousand Ringgit) or imprisonment for a period not more than two (2) years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 (One Thousand Ringgit) for every one (1) day or any part of one (1) day which the offense continues after the first conviction is recorded;</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
					<p>12. This approval is not an agreement/guarantee that your company will be called to participate in a tender or quotation of PETRONAS or its subsidiaries;</p> <p>13. The company either by itself, through its employees, directors, agents or its employees;</p> <p>(i) Not allow to use the logo of the PETRONAS' oil drop or the word "PETRONAS" or use any mark, logo or words or wearing typeface, font, which resembles the appearance or colour trademarks owned or used by PETRONAS or its subsidiaries ("the PETRONAS trademarks") in any form whether in printing materials, websites or hand board; and</p> <p>(ii) Not allow to perform any act 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 company is allowed to use reference [Company] is licensed by PETRONAS [No. license], under Act 3 Petroleum Act 1974.</p> <p>This License may be revoked, suspended or blacklisted at any time if any of the above conditions, general conditions of PETRONAS license and registration and any other conditions set in PETRONAS License and Registration General Guidelines are not fulfilled.</p>	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
Dewan Bandaraya Kuala Lumpur	EATECH	Business License	DBKL..JPPP/0022 1/04/2024/KM01	06.04.2024 05.04.2025	Nil	Complied
Domestic Shipping Licensing Board, Malaysia (“ DSL B”)	EATECH	Domestic Shipping License for Nautica Kluang 2	No. A121187	05.01.2024 04.01.2025	Nil	Complied
DSL	EATECH	Domestic Shipping License for Fois Nautica Tembikai	No. A120078/S	15.09.2023 14.09.2024	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Gambir	No. A121340	10.02.2024 09.02.2026	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Tg. Puteri XII	No. A120274	20.11.2023 19.11.2024	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Langsat	No. A121221	18.01.2024 17.01.2025	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Pontian 2	No. A118266	04.04.2023 03.04.2025	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Tg. Puteri I	No. A120458	15.11.2023 14.11.2024	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica Tg. Puteri XI	No. A119924	05.09.2023 05.09.2024	Nil	Complied
DSL	EATECH	Domestic Shipping License for Nautica TG. Puteri XV	No. A120275	09.11.2023 08.11.2024	Nil	Complied

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XVI	No. A121324	25.01.2024 until 24.01.2025	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XVII	No. A119831	26.09.2023 until 25.09.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXI	No. A115957	23.08.2023 until 22.08.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXII	No. A123658	20.5.2024 until 19.5.2025	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXIII	No. A119830	22.09.2023 until 21.09.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXIV	No. A120920	12.12.2023 until 11.12.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXVI	No. A123393	30.04.2024 until 29.04.2025	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXVII	No. A119829	17.09.2023 until 16.09.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXVIII	No. A121339	23.01.2023 until 22.01.2025	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXIX	No. A119985	7.10.2023 until 06.10.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXX	No. A119828	10.09.2023 until 09.09.2024	Nil	Complied
DSL B	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXXVII	No. A118872	30.06.2023 until 29.06.2024	Nil	Complied

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Issuing Authority	Company	Description of Approval /license/ permit	License / Permit / Tender/ Certificate No.	Validity Period	Salient Conditions	Status of Compliance
DSLB	EATECH	Domestic Shipping License for Nautica Tg. Puteri XIX	No. A118527	14.12.2023 until 13.06.2024	Nil	Complied
DSLB	EATECH	Domestic Shipping License for Nautica Tg. Puteri XX	No. A118987	14.06.2023 until 13.06.2024	Nil	Complied
DSLB	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXV	No. A120991	30.12.2023 until 29.12.2024	Nil	Complied
DSLB	EATECH	Domestic Shipping License for Nautica Tg. Puteri XXXVIII	No. A123657	24.05.2024 until 23.05.2025	Nil	Complied
Malaysia Marine Department	EATECH	Boat License for Nautica Tg. Puteri XVIII	MML00372K	19.02.2023 until 20.02.2025	1. Operate within port limits only. 2. Operate in good weather conditions only. 3. The need for adequate and functional safety equipment. 4. It is not allowed to carry passengers when cargo operations are carried out.	Complied
Johor Port Berhad	EATECH	Vendor Registration	54/2013	20.05.2023 until 31.05.2025	Nil	Complied

Notes:-

- (a) The Group applied to renew EATECH's Company Certificate of Registration ("CCR") with MOF on 1 April 2023. As at LPD, at the request of MOF, the Group is in the midst of resubmitting a new application to MOF. For information, the Group requires the CCR in order to tender for government related contracts. As at LPD, the Group does not have any work from the government or government-related companies which require it to be registered with MOF. In addition, moving forward, as and when the Group obtains the renewal of its CCR with MOF, the Group may look into securing government or government-related company projects. However, the Group has no plans to rely on government or government-related companies moving forward and therefore, expects minimal impact to its future plans. For information, the Board does not expect the Company's PN17 status to affect the said application.
- (b) As at LPD, the Group is in the midst of renewing its Petronas Licence for Johor Shipyard and Engineering Sdn Bhd ("JSE"). For information, JSE does not currently have any works or engaged with any activities which required a Petronas Licence.

15. DEPENDENCY ON CONTRACTS/ARRANGEMENTS/LICENSES/PATENTS

Save for the licenses and permits detailed in **Section 14** of this appendix which are required for the Group’s day-to-day operations, the Group is not dependent on any other contracts, arrangements, licenses or patents.

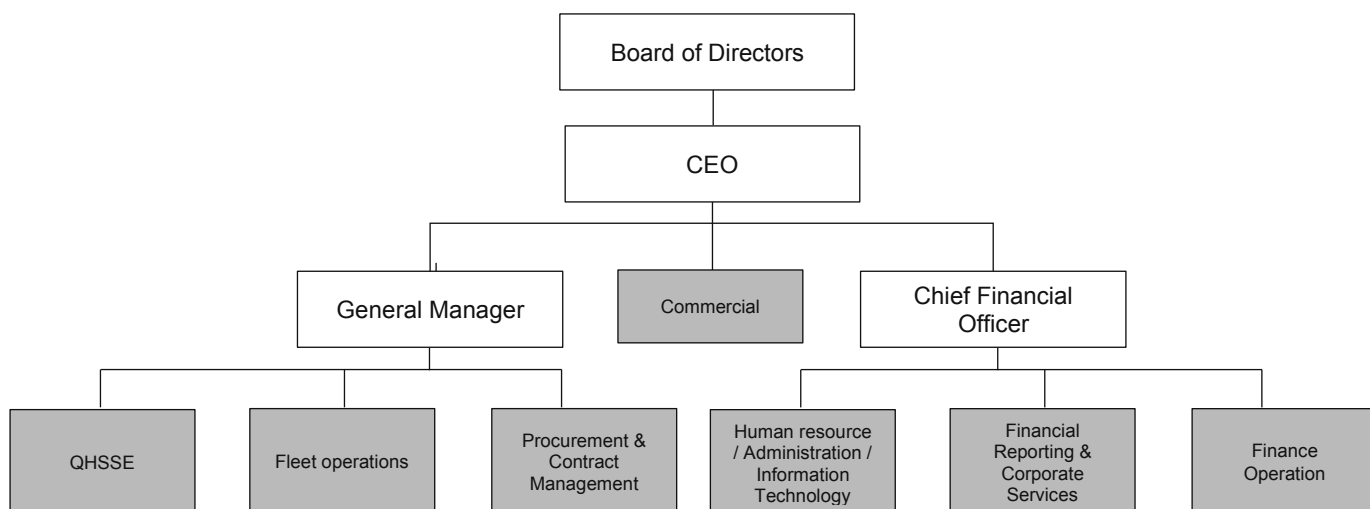
16. MATERIAL CAPITAL EXPENDITURE AND DIVESTITURE

As at LPD, the Group estimates that it will be required to incur material capital expenditure for drydocking and upgrades of its vessels amounting to approximately RM21.0 million over the next 2 years. However, such capital expenditure has not been approved and/or contracted as at LPD.

As at LPD, the Group is actively seeking for a prospective buyer to dispose of Nautica Tembikai to avoid bearing the maintenance and laid up costs. The vessel has been laid up since the completion of its last contract on 22 August 2023. As at 31 March 2024, the unaudited net book value of Nautica Tembikai is RM14.8 million.

17. KEY MANAGEMENT AND EMPLOYEES

17.1 Overview of the Group’s operational structure



Employees

As at 30 April 2024, the Group has a total of 441 employees. The number of employees for each division are as follows:

Division	Number of employees
Office and administration (EATECH)	82
Office (Johor Shipyard and Engineering Sdn Bhd)	14
Seafarers	345
Total	441

17.2 Profiles of key management team

The details of the Group’s key senior management are set out in **Section 5.3.2** of Part A of this Circular.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

17.3 Involvement of the Directors and key senior management of the Company in other businesses and/or corporations in past 5 years up to LPD

The involvement of the Directors and key senior management of the Company in other businesses and/or corporations as at LPD and in the past 5 years up to LPD are as follows:

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
<u>Directors</u>			
Dato' Mohd Redza Shah bin Abdul Wahid	<u>Directorship / Ownership / Partnership as at LPD</u> Waqaf An-Nur Corporation Berhad	Director	To undertake on a voluntary basis and as a non-governmental organisation, the business of managing agents for hospitals, clinics maternity and nursing homes
	Nufri Holdings Sdn Bhd	Director / Shareholder	Investment properties and rental income
	A.Abdul Majid & Company (Sendirian) Berhad	Director / Shareholder	Selling of groceries, general merchant and cafe
	KPJ Healthcare University Sdn Bhd (formerly known as KPJ Healthcare University College Sdn Bhd)	Director	Operating a private university college of nursing and allied health
	Damansara Reit Managers Sdn Berhad	Director	Management company for real estate trust fund (AL-Aqar Healthcare REIT)
	KPJ Healthcare Berhad	Director	Investment holding company
	Johore Central Store Sdn Bhd	Director / Shareholder	Wholesalers and retailers of books, magazine, periodical and other related items; General merchants; Selling food & beverages, catering services and event managements
	Kenari AVL Sdn Bhd	Director / Shareholder	Wholesale of lighting equipment; retail sale of audio and video equipment in specialised store
	Program Pertukaran Fellowship Perdana Menteri Malaysia	Director	Not available

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
	<u>Past Directorship / Ownership / Partnership</u>		
	Muamalat AR Rahn Sdn Bhd	Director / Shareholder	Dissolved
	Muamalat Venture Sdn Bhd	Director	Islamic venture capital business
	Muamalat Nominees (Asing) Sdn Bhd	Director	Other financial and commodity futures brokers and dealers
	Bank Muamalat Malaysia Berhad	Director	Islamic banking business and related financial services
	Muamalat Invest Sdn Bhd	Director	Provision of fund management services
	Muamalat Nominees (Tempatan) Sdn Bhd	Director	Other financial and commodity futures brokers and dealers
	Raeed Holdings Sdn Bhd	Director	In the process of winding up
	IAP Integrated Sdn Bhd	Director	In the process of winding up
Roza bin Mohd Sa'at	<u>Directorship / Ownership / Partnership as at LPD</u>		
	Waqaf An-Nur Corporation Berhad	Director	To undertake on a voluntary basis and as a non-governmental organisation, the business of managing agents for hospitals, clinics maternity and nursing homes
	QA Premium Partnership PLT	Partner	<ol style="list-style-type: none"> 1. Activities of holding companies 2. Business brokerage activities 3. Retail sale of any kind of product over the internet 4. Computer programming activities

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
	<u>Past Directorship / Ownership / Partnership</u>		
	Rajaudang Aquaculture Sdn Bhd	Director	Management services and management consultancy and advisers and business of fishery, sourcing breeding, hatching and growing shrimp and prawn as well as other water plants and animals in channels, pens, ponds, bay, lakes, tanks, constructed enclosures in aquaria and aqueducts built on land or in water
Datuk Mohd Nasir bin Ali	<u>Directorship / Ownership / Partnership as at LPD</u>		
	Malaysian Industrial Development Finance Bhd	Director	Investment holding, providing finance, leasing and industrial hire-purchase services to industries and businesses in Malaysia
	Badan Pengawas Pemegang Saham Minoriti Berhad	Director	Promote corporate governance in companies through shareholder activism acting in the interest of minority shareholders as an integral part for development of the capital market
	MIDF Amanah Investment Bank Berhad	Director	The bank is principally investment banking and related financial services
	Goodyear Malaysia Berhad	Director	Manufacturing and marketing of tires and related rubber products
	Johor Shipyard and Engineering Sdn Bhd	Director	Shipbuilding, fabrication of steel structures, engineering services and consultancy
	JLand Group Sdn Bhd	Director	Investment holding

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
<u>Past Directorship / Ownership / Partnership</u>		
Rose Trade Centre Sdn Bhd	Shareholder	Dissolved
ROFDS Berhad (formerly known as Gold Li Berhad)	Director	Activities of holding companies
Amanah International Finance Sdn Bhd	Director	Providing real estate financing and short term financing
I-Vcap Management Sdn Bhd	Director	Islamic fund management activities
Gold Li Development Sdn Bhd	Director	Property development and turnkey developer
Amanah Raya Berhad	Director	Administration of deceased estates, acting as trustee for minors, public and unit trust schemes and the management of trust funds
Icapital.Biz Berhad	Director	Principally involved in investing in a diversified portfolio of quoted securities
Damansara Holdings Berhad	Director	Investment holding
M&A Value Partners Asset Management Malaysia Sdn Bhd	Director	Business management consultancy services; assets/portfolio management; investment advisory services
Damansara Assets Sdn Bhd	Director	Property management, collection agents, investment holding, owner of building

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	<u>Directorship / Ownership / Partnership as at LPD</u> Velesto Energy Berhad	Director	Provision of full corporate management, administrative and professional services to its related companies and investment holding company and provision of financial support to its subsidiary companies
	Bicara Ventures	Business owner	Management consultancy
	Time Dotcom Berhad	Director	Investment holding, provision of management services
	Libra Perfex Precision Sdn Bhd	Director	Hire and charter of vessels, supply of all kinds of chemicals and chemical preparation and cleaning services for the industrial, oil and gas, marine, engineering and agricultural sectors
Aziah binti Ahmad	<u>Directorship / Ownership / Partnership as at LPD</u> JPG Plantations Sdn Bhd (formerly known as Kulim Plantations (Malaysia) Sdn Bhd)	Director	Production of palm oil and palm kernel
	JPG Fuji Sdn Bhd (formerly known as JPG Refinery Sdn Bhd)	Director	Refining of palm oil and trading of palm oil products
	<u>Past Directorship / Ownership / Partnership</u> Johor Plantations Group Berhad (formerly known as Mahamurni Plantations Sdn Bhd)	Director	Product of palm oil and palm kernels and bio-compost
	Sindora Wood Products Sdn Bhd	Director	Dissolved
	Sindora Trading Sdn Bhd	Director	Dissolved

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
Epasa Shipping Agency Sdn Bhd	Director	Wound up
Kulim Smart Technologies Sdn Bhd	Director	Dissolved
DASB Property Management Sdn Bhd	Director	Property management
Larkin Sentral Property Berhad	Director	Operating of a transport terminal, renting shop lots to retailers and wet market's traders
Jcorp Capital Solutions Sdn Bhd	Director	Investment holding company
Virtuaflex Sdn Bhd	Director	1) Operation of Kash Card 2) Salary crediting services to selected customers
Kajang Specialist Hospital Sdn Bhd	Director	Operation of a specialist medical centre
Pasir Gudang Specialist Hospital Sdn Bhd	Director	Private hospital
JPG Greenergy Sdn Bhd	Director	Designing, constructing, managing and operating renewable energy
Kulim Civilworks Sdn Bhd	Director	Business of facilities maintenance
Kulim Pineapple Farm Sdn Bhd	Director	Production of fresh pineapple and suckers
Pembangunan Mahamurni Sdn Bhd	Director	Investment holding
Sindora Berhad	Director	Operations of oil palm plantations, palm oil milling and rubber estates, investment holding, intrapreneur venture businesses
EPA Management Sdn Bhd	Director	Investment holding, plantation management & consultancy services
Pristine Bay Sdn Bhd	Director	Investment holding

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
	Kulim Energy Nusantara Sdn Bhd	Director	Investment holding
	Johor Logistics Sdn Bhd	Director	Warehousing and container yard services
	Pro Corporate Management Services Sdn Bhd	Director	Transcription of documents and other secretarial services
	Phoenix Progress Sdn Bhd	Director	Activities of holding companies
	Jcorp Capital Excellence Sdn Bhd	Director	Investment holding
Key Senior Management			
Mariam binti Puan	<u>Directorship / Ownership / Partnership as at LPD</u>		
	EAS Management PLT	Partner	1) Human resource consultancy services 2) Other management consultancy activities 3) Other business support service activities
	Bandar Baru Majidee Development Sdn Bhd	Director	Property developer
	Johor City Development Sdn Bhd	Director	Property investment and development, investment holding company, oil palm cultivation
	Advance Development Sdn Bhd	Director	Housing developer
New Kok Ho	<u>Directorship / Ownership / Partnership as at LPD</u>		
	SSP Plantation Sdn Bhd	Director / Shareholder	Activities of holding companies; Growing of oil palm (estate)

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
Encik Nasrul	<u>Directorship / Ownership / Partnership as at LPD</u>		
	Serenade Team Sdn Bhd	Director / Shareholder	Activities of holding companies
	Libra Perfex Precision Sdn Bhd	Director	Hire and charter of vessels, supply of all kinds of chemicals and chemical preparation and cleaning services for the industrial, oil and gas, marine, engineering and agricultural sectors

Notwithstanding the involvement of the respective key senior management of the Company in other businesses and/or corporations as set out above, the Board is of the opinion that their involvement in other businesses and/or corporations will not affect their ability to perform their respective roles and responsibilities in the Group, as they are not involved in the day-to-day operations and management of the said companies. These companies are operated and managed on a day-to-day basis by the other shareholders/ directors/ partners of the respective companies.

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APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak and Dato' Lai will emerge as the indirect controlling shareholders of EATECH through VSB. For information, the involvement of Datuk Wira Mubarak and Dato' Lai in other businesses and/or corporations in the past 5 years up to LPD are as follows:

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
Datuk Wira Mubarak	<u>Directorship / Ownership / Partnership as at LPD</u>		
	Seri Jaya Perkasa Sdn Bhd	Director / Shareholder	<ol style="list-style-type: none"> 1) Construction 2) Property Developers 3) Food and beverages and catering services
	MN Millennium Motor Trading Sdn Bhd	Director / Shareholder	Trading in new and used motor vehicles
	MN Millennium Security Sdn Bhd	Director / Shareholder	<ol style="list-style-type: none"> 1) Security Services 2) Supply and service all type of security 3) Investment holdings
	Ginto Resources Sdn Bhd	Director / Shareholder	Re-Packaging and distribution of cooking oil, trading in agriculture produce and waste products. General tradings
	Distinct Legacy Sdn Bhd	Director / Shareholder	Investment holding and provision of management services to its jointly-controlled entities
	23 Glove (M) Sdn Bhd	Director / Shareholder	<ol style="list-style-type: none"> 1) Manufacturing of medical equipment 2) Sell & supply of rubber glove and safety uniforms 3) General trading
	Canggih Samudera Sdn Bhd	Director / Shareholder	<ol style="list-style-type: none"> 1) Food and beverages and catering services 2) General trading 3) Investment holding
	YBS Timber Trade Sdn Bhd	Director / Shareholder	Carrying out part of the forestry operation on a fee or contract basis for logging service activities; Planting, replanting, transplanting, thinning and conserving of forests and timber tracts; Other mining and quarrying n.e.c.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
Paduan Muhibbah Resources Sdn Bhd	Director / Shareholder	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts; Manufacture of other food products n.e.c.; Export and import of perfumeries, cosmetics, soap and toiletries
Gigih Emas Sdn Bhd	Director / Shareholder	Activities of holding companies; Wholesale of a variety of goods without any particular specialization n.e.c.
Amalan Awana Sdn Bhd	Director / Indirect Shareholder ^(a)	Wholesale of a variety of goods without any particular specialization n.e.c.
Saujana Beringin Sdn Bhd	Director / Indirect Shareholder ^(b)	Wholesale of a variety of goods without any particular specialization n.e.c.; Activities of holding companies; other specialized construction activities n.e.c
Proficient Expert Management Sdn Bhd	Director / Shareholder	1) Prospecting, investigating, exploring, consulting and developing by sampling, drilling and testing methods of all kinds and of working either underground, or open cut, any minerals; 2) Consultancy and training services in managing the entire human resources process; 3) Investment company
Perfect Optimist Growth Sdn Bhd	Director / Shareholder	Stock, share and bond brokers; Export and import of other general-purpose machinery n.e.c.;Real estate activities with own or leased property n.e.c.
VSB	Director / Shareholder	1) Investment holding company 2) Investment in shares in listed and unlisted companies

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)	Director	Provision of electrical and mechanical engineering services
<u>Past Directorship / Ownership / Partnership</u>		
Agensi Pekerjaan MN Millennium Corporation Sdn Bhd	Director	To carry on the business as private employment agency to recruit and place a worker/s to another employer
Millennium Evershine Sdn Bhd	Director	1) Property development and construction 2) General trading and investment holdings 3) Repair and maintenance of tanks and shipping
Ruang Ikhlas Sdn Bhd	Director / Shareholder	Dissolved
Millennium Bodytec Sdn Bhd	Director / Shareholder	Dissolved
Maju Cosmos Sdn Bhd	Director / Indirect Shareholder ^(c)	1) Catering services and food & beverages 2) Re-packing and distribution of cooking oil 3) Oil palm and rubber tress plantation

Notes:-

- (a) Datuk Wira Mubarak is a director of Amalan Awana Sdn Bhd. Datuk Wira Mubarak is deemed interested in Amalan Awana Sdn Bhd by virtue of his interest in Gigh Emas Sdn Bhd pursuant to section 8 of the Act.
- (b) Datuk Wira Mubarak is a director of Saujana Beringin Sdn Bhd. Datuk Wira Mubarak is deemed interested in Saujana Beringin Sdn Bhd by virtue of his interest in Amalan Awana Sdn Bhd and Gigh Emas Sdn Bhd pursuant to section 8 of the Act.
- (c) Datuk Wira Mubarak was a director of Maju Cosmos Sdn Bhd and was deemed interested in Maju Cosmos Sdn Bhd by virtue of his interest in VSB pursuant to section 8 of the Act in which VSB was a shareholder of Maju Cosmos Sdn Bhd.

For information, none of the corporations involved by Datuk Wira Mubarak as listed above are related to EATECH.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

	Name of business/companies/partnership	Roles and responsibilities	Principal activities
Dato' Lai	<u>Directorship / Ownership / Partnership as at LPD</u> Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)	Director / Shareholder	Provision of electrical and mechanical engineering services
	KAB Energy Power Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(a)	1) Investment holdings 2) To raise financing via the proposed issuance of Sukuk Murabahah of up to RM500,000,000 in nominal value from time to time pursuant to the multi-currency Sukuk programme
	KAB Tgreen Energy Sdn Bhd	Director / Indirect Shareholder ^(h)	Installation of non-electric solar energy collectors
	KAB Energy Holdings Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(b)	Investment holding; and construction, operation and maintenance of generation facilities that produce electric energy
	KAB Telco Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(c)	Other telecommunications activities n.e.c.
	KAB Signature Management Sdn Bhd	Director / Indirect Shareholder ^(h)	Activities of head office
	Eliq Management Sdn Bhd	Director / Indirect Shareholder ^(h)	1) Property investment and management 2) Investment holding
	KAB Robotic and Automation Solutions Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(d)	Wholesale of industrial machinery, equipment and supplies
	KAB Technologies Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(e)	Design, installation and commissioning of energy monitoring and saving software

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
KAB Smart Solar Energy Sdn Bhd and its subsidiaries	Director / Indirect Shareholder ^(f)	Provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services
Synergic Modern Sdn Bhd	Director / Shareholder	Sale of other motor vehicles n.e.c.
Space Edge Sdn Bhd	Director / Indirect Shareholder ^(g)	To carry out automobile businesses, showroom, storage and other suitable activities such as food and beverage or in any combination thereof
Hong Yan Tang Solutions (M) Sdn Bhd	Director / Shareholder	Other information technology service activities n.e.c.
Pelangi Astana Sdn Bhd	Director / Shareholder	Investment holding
Fastrans Ventures Sdn Bhd	Director / Shareholder	Investment holding
Stocqtech Sdn Bhd	Director / Shareholder	Investment holding
Skystake Capital Sdn Bhd	Director / Shareholder	Investment holding
Spectrum Asets Sdn Bhd	Director / Shareholder	Investment holding
Vdone Legacy Ventures Sdn Bhd	Director / Shareholder	Investment holding and trading of classic cars and used cars, importing and exporting of classic cars, car repair, refurbishment and restoration services, car storage services and trading of car parts
Hillsaint Capital Sdn Bhd	Director / Shareholder	Investment holding
Iso Automotive Sdn Bhd	Director / Shareholder	Wholesale and retail sale of motorcycles; Wholesale and retail sale of parts and accessories for motorcycles; Repair and maintenance of motorcycles
Austral Capital Sdn Bhd	Director / Shareholder	Investment holding

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Name of business/companies/partnership	Roles and responsibilities	Principal activities
VSB	Director / Shareholder	1) Investment holding 2) Investment in shares in listed and unlisted companies
Care U Garage Sdn Bhd	Director / Shareholder	Export and import of a variety of goods without any particular specialization n.e.c.; Warehousing and storage services; Activities of holding companies
Legasea Sdn Bhd	Shareholder	Any other professional, scientific and technical activities n.e.c.
<u>Past Directorship / Ownership / Partnership</u>		
GAT Success (M) Sdn Bhd	Director	Real estate activities with own or leased property n.e.c.
Lotus Success Sdn Bhd	Director	Buying, selling, renting and operating of self-owned or leased real estate - land
LT Murni Sdn Bhd	Director	Engaged as building and general contractors
Rinani Motorsports Sdn Bhd	Director	Organization, promotions and/or management of event
Master Device Sdn Bhd	Director / Shareholder	Dissolved
KKE Konsortium Sdn Bhd	Director / Shareholder	Dissolved
Matrix Altitude Sdn Bhd	Director	Dissolved
Significant Technologies Sdn Bhd	Director	Providing optical fibre calibration services and training

Notes:-

- (a) Dato' Lai is a director of KAB Energy Power Sdn Bhd. Dato' Lai is deemed interested in KAB Energy Power Sdn Bhd by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Dato' Lai is also a director of the following subsidiaries of KAB Energy Power Sdn Bhd:

- (i) Kiev CRG Sdn Bhd;
- (ii) Dynagen Power (M) Sdn Bhd; and
- (iii) KAB Carewell O&M Services Sdn Bhd.

(b) Dato' Lai is a director of KAB Energy Holdings Sdn Bhd. Dato' Lai is deemed interested in KAB Energy Holdings Sdn Bhd by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

Dato' Lai is also a director of the following subsidiaries of KAB Energy Holdings Sdn Bhd:

- (i) KAB Technologies Sdn Bhd #1;
- (ii) KAB Core Connect O&M Services Sdn Bhd;
- (iii) KAB Smart Solar Energy Sdn Bhd #2;
- (iv) Genplan Advisory & Management Sdn Bhd;
- (v) Sipitang Utilities Sdn Bhd;
- (vi) Comtest Electrical Services Sdn Bhd (formerly known as Z Energy Power Sdn Bhd);
- (vii) Matahari Suria Sdn Bhd; and
- (viii) Future Biomass Gasification Sdn Bhd.

(c) Dato' Lai is a director of KAB Telco Sdn Bhd. Dato' Lai is deemed interested in KAB Telco Sdn Bhd by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

Dato' Lai is also a director of KAB Integrated Networks Sdn Bhd, which is an associate company of KAB Telco Sdn Bhd.

(d) Dato' Lai is a director of KAB Robotic and Automation Solutions Sdn Bhd. Dato' Lai is deemed interested in KAB Robotic and Automation Solutions Sdn Bhd by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

Dato' Lai is also a director of iSenze Sdn Bhd which is a wholly owned subsidiary of KAB Robotic and Automation Solutions Sdn Bhd.

(e)(#1) Dato' Lai is a director of KAB Technologies Sdn Bhd. Dato' Lai is deemed interested in KAB Technologies Sdn Bhd by virtue of his indirect interest in KAB Energy Holdings Sdn Bhd and his direct interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

Dato' Lai is also a director of the following subsidiaries of KAB Technologies Sdn Bhd:

- (i) Econergy Plus Sdn Bhd;
- (ii) KABT Unified Engineering Solutions Sdn Bhd; and
- (iii) TVT Link Tech Solutions Sdn Bhd.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

(f)(#2) Dato' Lai is a director of KAB Smart Solar Energy Sdn Bhd. Dato' Lai is deemed interested in KAB Smart Solar Energy Sdn Bhd by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act.

Dato' Lai is also a director of the following subsidiaries / associate company(s) of KAB Smart Solar Energy Sdn Bhd:

- (i) Mayang Hijau Sdn Bhd;
- (ii) KAB Gree Solar Sdn Bhd; and
- (iii) Mentari Kamuning Sdn Bhd (associate company).

(g) Dato' Lai is a director of Space Edge Sdn Bhd. Dato' Lai is deemed interested in Space Edge Sdn Bhd by virtue of his interest in Synergic Modern Sdn Bhd pursuant to section 8 of the Act.

(h) Dato' Lai is a director of the following companies. Dato' Lai is deemed interested in following companies by virtue of his interest in Kinergy Advancement Berhad pursuant to section 8 of the Act:

- (i) KAB Tgreen Energy Sdn Bhd (formerly known as KAB Bintai Energy Sdn Bhd);
- (ii) KAB Signature Management Sdn Bhd; and
- (iii) Eliq Management Sdn Bhd.

For information, none of the corporations involved by Dato' Lai as listed above are related to EATECH.

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APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

18. CONFLICT OF INTERESTS

Save as disclosed below, none of the Group's existing directors and substantial shareholders have any interest which is in conflict with the Group and/or in any business or corporation which are carrying on a similar trade as the Group or which are the customers or suppliers of the Group:

(i) Mr New

Company	Principal activities	Shareholders & Shareholdings	Nature of interest
S.S. Makmur Bhd (Registration No. 200401032568 (671076-K))	Trading and supply of Marine Engines and Marine Engineering Products	1. Ang Hock Eng (NRIC No. 811025-08-5629) 2. Cheah Wei Kong (NRIC No. 670826-10-5945) 3. Choo Wong @ Chee Cheong Sow (NRIC No. 440212-08-5413)	Mr. Choo Wong @ Chee Cheong Sow is the father-in-law of Mr New, who is a director of Johor Shipyard and Engineering Sdn Bhd and a general manager of EATECH. As at the LPD, S.S. Makmur Sdn Bhd is a supplier of spare parts to EATECH and its group of companies
Sumber Sdn Bhd (Registration No. 197701001527 (32521-K))	Designing, fabrications and repairing of boats and vessels	1. Adren Siow Hein-Yi (NRIC No. 750322-11-5189) 2. Choo Wong @ Chee Cheong Sow (NRIC No. 440212-08-5413)	Mr. Choo Wong @ Chee Cheong Sow is the father-in-law of Mr New, who is a director of Johor Shipyard and Engineering Sdn Bhd and a general manager of EATECH. As at the LPD, Sumber Samudra Sdn Bhd is a supplier of spare parts to EATECH and its group of companies
		3. Hor Goh Peng (NRIC No. 471129-08-5705)	
		4. Hor Tuck Peng (NRIC No. 540711-08-5547)	

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

Company	Principal activities	Shareholders & Shareholdings	Nature of interest
Sumber Shipyard and Engineering Sdn Bhd (Registration No. 200801001643 (802927-K))	Repairing boats and vessels	<ol style="list-style-type: none"> Chee Wei Fan (NRIC No. 730821-08-6126) Chee Wei (NRIC No. 760628-08-5524) Chee Wei Yee (NRIC No. 720126-08-6280) Choo Wong @ Chee Cheong Sow (NRIC No. 440212-08-5413) 	<p>Mr. Choo Wong @ Chee Cheong Sow is the father-in-law of Mr New, who is a director of Johor Shipyard and Engineering Sdn Bhd and a general manager of EATECH.</p> <p>As at the LPD, Sumber Shipyard and Engineering Sdn Bhd is a supplier of spare parts and labour to EATECH and its group of companies.</p> <p>Johor Shipyard and Engineering Sdn Bhd is also currently leasing from Sumber Shipyard and Engineering Sdn Bhd the property addressed at Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan (See Item 7, Section 13 of Appendix I(C) above).</p>

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

(ii) Aziah Ahmad

Company	Principal activities	Shareholders & Shareholdings	Nature of interest
Sindora	Operations of oil palm plantations, palm oil milling and rubber estate, investment holding, intrapreneur venture businesses	Kulim Berhad Sindora (100%)	Pn. Aziah Ahmad was a director of Sindora at the material time until her resignation as a director on 15 March 2023. Sindora is the immediate holding company of EATECH.
Johor Group (previously known as Mahamurni Plantations Sdn Bhd) (Registration No. 197801001260 (38290-V))	Production of palm oil and palm kernels and bio-compost	Kulim Berhad 1,329,362,794 in Johor Plantations Berhad (100%)	Corporate guarantee to EATECH for MMHE. Pn. Aziah Ahmad was a director of Johor Plantations Group Berhad at the material time until her resignation as a director on 1 March 2023. Management fee

The above conflict of interest situation is mitigated based on the following reasons:

- (i) The terms of the contract and transactions between the EATECH Group and S.S. Makmur Sdn Bhd, Sumber Samudra Sdn Bhd and Sumber Shipyard and Engineering Sdn Bhd (as the case may be) are on an arm's length basis. All transactions between EATECH and the parties have been disclosed and approved to/by the Audit and Risk Management Committee. Based on the Group's procurement policy, the Group is required to seek the necessary quotations from other vendors for evaluation by the Group. In addition, these parties are not the major suppliers of the Group as disclosed in **Section 12** above.
- Save for the aforementioned vendor arrangements which are in the ordinary course of business, there are no existing and/or proposed related party transactions between EATECH and the parties as at LPD. For the avoidance of doubt, the aforementioned transactions are in the ordinary course of business of the Group and are not deemed related party transactions.
- (ii) Aziah Ahmad is not involved in the day-to-day operations of the Group. She sits on the Board of EATECH as a representative of Johor Corporation.

APPENDIX I (C) – QUALITATIVE ASSESSMENT ON THE EATECH GROUP (CONT'D)

19. RISK MANAGEMENT AND INTERNAL CONTROL REVIEW RESULTS

As part of the Proposed Regularisation Plan, EATECH had appointed Vaersa Advisory Sdn Bhd on 16 November 2022 to conduct review on its risk management and internal control system. Please refer to **Appendix IV** for the said report.

Based on the review work performed, Vaersa Advisory Sdn Bhd is of the opinion that the Group:

- (i) has put in place adequate policies (for major accounting related business processes), procedures and controls to comply with the Listing Requirements; and
- (ii) has adequate internal controls and risk management systems.

The key senior management will continue to review and monitor the Group's internal control systems and risk management framework on an ongoing basis.

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APPENDIX II – SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

Note: The salient terms in the Subscription Agreements executed by the Subscribers are the same, **except for VSB, which includes additional terms outlined in Section B below**. The general salient terms of the Subscribers' Subscription Agreements are detailed in **Section A**. Subsequently, the Subscribers and EATECH have entered into the Supplemental Agreements to revise the Subscription Price from RM0.09 to RM0.10 per Subscription Shares, and all existing terms of the Subscription Agreements remains the same.

A. Salient Terms for the Subscription Agreements of the Subscribers (as amended by the Supplemental Agreements)

The salient terms of the Subscription Agreements are as follows: -

1. Subscription and Deposit

In consideration of the Subscription Amount, and subject to the terms and conditions contained herein, the Company hereby agrees to issue and allot, and the Subscriber(s) hereby agrees to subscribe for the Subscription Shares at the Subscription Price ("**Subscription**").

Subscription Amount means the amount payable by the Subscriber(s) in respect of the Subscription.

Subscription Price means the agreed subscription RM0.10 only per Subscription Share.

Subscription Shares means the number of new ordinary shares in EATECH to be subscribed by the Subscriber(s) in the number of shares stated in **Section 2.1.1** of Part A of this Circular.

2. Conditions Precedent

- (i) The Subscription is conditional upon the following conditions being satisfied within the Condition Period:
 - (a) the approval of Bursa Securities for the Regularisation Plan of the Company and all the proposals thereunder including the listing of and quotation for the Subscription Share;
 - (b) the approval of the shareholders of the Company (obtained in an extraordinary general meeting to be convened) for the Regularisation Plan and all the proposals thereunder;
 - (c) where applicable, the fulfilment of conditions precedent to the drawdown of the financing for the purposes of financing the Subscription;
 - (d) any approvals or consents and/or waiver as may be required to be obtained by the Subscriber(s) from any financier, other relevant governmental and/or regulatory authority or third party;
 - (e) any other approvals or consents and/or waiver as may be required to be obtained by the Company from any financier, relevant governmental and/or regulatory authority or third party; and
 - (f) there being no breach of representation, warranties, undertakings or covenants on the part of the Subscriber(s).

Condition Period means a period of 6 months from the date of the Subscription Agreement with an automatic extension of 3 additional months, or such other longer period as may be mutually agreed upon by the parties in writing.

- (ii) The parties undertake and covenant with each other to execute all documents, provide all information and do all acts and things and take all steps as may be necessary to secure the fulfilment of the Conditions Precedent as soon as practicable. Each party must promptly notify the other party in writing if it becomes aware that any of the Conditions Precedent is satisfied, not satisfied or cannot be satisfied and shall forward to the other party a copy of the relevant approvals or relevant documentary evidence thereof.
- (iii) In the event that the Conditions Precedent are not fulfilled within the Condition Period, then this Agreement shall automatically be terminated unless the parties mutually agree to extend the Condition Period or to waive the requirement to fulfill the relevant condition(s) Precedent to the extent permissible by law.
- (iv) Upon termination of this Agreement, the terms hereof shall no longer have effect and neither Party shall have any claim against the other save for any antecedent breach.
- (v) In the event any of the consents, authorisations, approvals and waivers required to be obtained in order to fulfill the Conditions Precedent are obtained subject to any condition (“**Approval Condition**”) that may materially and adversely affect either of the parties (“**Affected Party**”), then the Affected Party shall, within five (5) business days of receipt of the notice of such Approval Condition, notify the other party in writing of its objection to the condition, in which event such Condition Precedent shall be deemed not to have been fulfilled. The Affected Party may also, within five (5) business days of receipt of notice of the Approval Condition, give written notice to the other party of its intention to appeal against any or all of the Approval Conditions PROVIDED THAT in the event that the Affected Party fails to notify the other party in writing of its objection to the Approval Conditions and/or its intention to appeal against the same within such periods, the Approval Conditions shall be deemed to have been accepted by the Affected Party and the relevant Condition Precedent shall be deemed to have been fulfilled.

In the event that the appeal is rejected by or authority or approval with amended or new Approval Conditions is granted by relevant approving party, and such amended or new Approval Condition is not acceptable to either party, the non-accepting party shall notify the other Party in writing of its objection to the said amended or new Approval Condition, then Clause 4.1 shall be considered not to have been met or fulfilled PROVIDED ALWAYS that if the non-accepting Party shall fail to give any of the notices aforesaid, then the amended or new Approved Condition shall be deemed to have been accepted by all Parties.
- (vi) Unless otherwise agreed by the parties in writing, the Subscription Agreement shall become unconditional on the date where all the Conditions Precedent have been satisfied (“**Unconditional Date**”).

3. Completion

- (i) Within **three (3) Business Days** from the Unconditional Date, the Subscriber(s) shall pay the Subscription Amount less Deposit to the Company:
- (ii) Whereupon the receipt in full of the Subscription Amount, the Company shall cause to deposit and credit the Subscription Shares into the Central Depository System Account (“**CDS Account**”) of the Subscriber(s) on or before the Completion Date PROVIDED that the Subscriber(s) shall have notified its CDS Account details to the Company.
- (iii) The Company undertakes and warrants that it shall within five (5) business days from Completion Date proceed to procure the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities.

Completion Date means the date of allotment of the Subscription Shares to the Subscriber(s) pursuant to the Subscription Agreement, being a date no later than eight (8) business days after the date on which the Subscription Amount is paid in full to the Company, or such other further date as may be mutually agreed upon in writing by the parties.

4. Remedies upon Default

- (i) If any party is in breach of any provision of the Subscription Agreement and has failed to remedy the same to the satisfaction of the other party within thirty (30) days from the date of a written notice from the non-defaulting party requiring such breach to be remedied, the non-defaulting party may terminate this Agreement.
- (ii) The provisions of Clause 4(i) above shall be without prejudice to the non-defaulting party's rights to specific performance and to claim for damages in the event of breach by the defaulting party of the Subscription Agreement.
- (iii) In the event of termination by the Company of the Subscription Agreement, the Company shall be entitled to claim against the Subscriber(s) for damages, and the Company and the Subscriber(s) shall cease to have any further rights or further obligations to each other under this Agreement, save in relation to antecedent breaches; and
- (iv) In the event of termination by the Subscriber(s) of this Agreement, the Subscriber(s) shall be entitled to claim against the Company for damages, and the Company and the Subscriber(s) shall cease to have any further rights or further obligations to each other under the Subscription Agreement, save in relation to antecedent breaches.

5. Term of Agreement

The Subscription Agreement shall continue in full force and effect until mutual written agreement by the parties or an effective resolution is passed or an order is made by a Court of competent jurisdiction for the winding up of the Company.

B. Specific Salient Terms for the Subscription Agreement of VSB

Save for the terms mentioned below, the terms of the VSB's subscription agreement are the same as the other Subscribers' Subscription Agreements.

The additional salient terms for VSB's Subscription Agreement are as follows:-

1. Deposit

- (i) The Deposit shall be paid by VSB to the Company's solicitors acting as stakeholder on the date of this Agreement. The Deposit shall be retained by the Company's solicitors until settlement or earlier termination of this Agreement whereupon the Company's solicitors shall pay the Deposit to the person entitled to it.

Deposit means the amount of RM3,000,000.00 deposit payable by VSB forming part of the Subscription Amount.

- (ii) If the condition precedent is not fulfilled and upon termination, the Company's solicitors shall be authorized to release the Deposit together with interest accrued thereto, to VSB.
- (iii) Within **three (3) Business Days** from the Unconditional Date, the Company's solicitors shall be authorised to release the Deposit together with any interest accrued thereto to Company.

- (iv) In the event termination by the Company and where the termination occurs prior to Completion, the Company shall be entitled to forfeit the Deposit.
- (v) In the event termination by VSB and where the termination occurs prior to Completion, VSB shall be entitled to refund of the Deposit.

2. Condition Precedent

In addition to the Condition Precedent in Section A, VSB's subscription agreement shall also include additional conditions that must be met within the Condition Period, as follows:

- (i) the approval of SC on the exemption from a mandatory offer obligation of VSB.

3. Compliance with Rules on Take-Overs, Mergers and Compulsory Acquisitions

- (i) The parties acknowledge that VSB is required to comply with Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("**Rules**") in respect of the Subscription as well as the exemption from a mandatory offer obligation.
- (ii) Each party undertakes with each other to comply with the Rules and any applicable laws and regulations related to take-overs, mergers and compulsory acquisitions, and each party further undertakes to indemnify the other party(ies) against any loss, damage and/or other liabilities as a result of non-compliance by the first party with the provisions of the Rules and any applicable laws and regulations related to take-overs, mergers and compulsory acquisitions.

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PROTEGE ASSOCIATES SDN BHD (200401092256/075767811)
SUITE C-09-12, PLAZA MONT' KIARA
2 JALAN KIARA, MONT' KIARA
50480 KUALA LUMPUR, MALAYSIA
GEN +603 6201 9301 FAX +603 6201 7302
www.protege.com.my

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

The Board of Directors
E.A. Technique (M) Berhad
Setiawangsa Business Suites
Unit C-3A-3A, No.2 Jalan Setiawangsa 11
Taman Setiawangsa
54200 Kuala Lumpur

Date: 31 May 2024

Dear Sir/Madam,

Strategic Analysis of the Oil and Gas Services and Equipment Industry in Malaysia

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this 'Strategic Analysis of the Oil and Gas Services and Equipment ("**OGSE**") Industry in Malaysia' for inclusion in the explanatory statement/circular to shareholders of E.A. Technique (M) Berhad ("**EA Technique**") in relation to EA Technique's plan to regularise its financial condition.

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, market trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 24 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering agriculture, automotive, construction, electronics, healthcare, energy, information technology, oil and gas to various other sectors. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG
Managing Director

1.0 Introduction to OGSE

The oil and gas industry revolves around the exploration, extraction and processing of crude oil and natural gas, and is segmented into upstream, midstream and downstream sectors. The upstream sector involves the exploration, development and extraction of crude oil or gas from onshore or offshore oil or gas fields. The midstream sector involves transporting of crude and refined petroleum products to refinery, processing and storage facilities. Lastly, the downstream sector involves refining of crude oil, processing of natural gas, manufacturing of petroleum and petrochemical products, and marketing and retailing of petroleum and petrochemical products to end-users.

OGSE refers to broad categories of products and services that support the needs of the oil and gas value chain from upstream to downstream sectors. In Malaysia, OGSE can be divided into 2 types, namely standardised work and equipment categories ("**SWECs**") for services and SWECs for products classified by Petroliaam Nasional Berhad ("**PETRONAS**"). Some examples of SWECs for services include consultancy services, electrical engineering and maintenance, engineering design, architecture and draughting services, floating and mobile offshore facilities, manpower supply, marine transportation and support services, offshore facilities construction as well as pipeline and associated services. Meanwhile, some examples of SWECs for products include chemicals, drilling equipment and materials, electrical, instrumentation, insulation, pipes, mechanical, rotating equipment, civil and structural, subsea and valves.

1.1 Overview of the Global Oil and Gas Industry

The world crude oil production increased by 4.98% from 69.35 million barrels per day in 2021 to 72.80 million barrels per day in 2022. The Middle East region remained as the largest crude oil producing region, contributing 25.09 million barrels per day while the Asia-Pacific region contributed 6.24 million barrels per day in 2022. On a closer look, the top 5 crude oil producing countries in the world in 2022 were the United States of America, Saudi Arabia, Russia, Iraq and China while in the Asia-Pacific region, major crude oil producing countries are China, India, Indonesia and Malaysia. Major crude oil producing countries in the Middle East region include Iran, Iraq, Kuwait, Oman, Saudi Arabia and United Arab Emirates.

As prices of crude oil have been cyclical, Protégé Associates has used the historical price movements of the Europe Brent Spot Price free on board ("**FOB**") as a proxy for the overall price trend of crude oil in the world. Since registering a price of United States dollar ("**USD**") 108.56 per barrel in 2013, crude oil prices have hovered between USD43.64 per barrel to USD98.97 per barrel from 2014 to 2019. In 2020, the crude oil prices have been under heavy downward pressures due to the price war sparked by Saudi Arabia and the fuel demand destruction caused by the Coronavirus Disease 2019 ("**COVID-19**") pandemic. The crude oil prices had declined sharply from USD63.65 per barrel in January 2020 to USD18.38 per barrel in April 2020, caused by contraction in worldwide oil demand and massive selloffs amid a significant global oversupply. However, oil demand has slowly picked up and the global oversupply of oil has gradually alleviated as movement and travel restrictions eased and economic activity resumed in many countries. Furthermore, news about the roll-out of COVID-19 vaccines raised optimism on oil demand recovery. By December 2020, the crude oil price rose to USD49.99 per barrel.

Crude oil prices continued to recover in 2021 albeit a resurgence in COVID-19 cases. This was mainly due to the reluctance of many governments to reimpose lockdown measures that had resulted in a slowdown in the global economy. The rise in demand for oil following a recovery in economic activities quickly erased the oil glut situation, and with oil producers unable to timely restart production led to demand outstripping supply. The slow increase in crude oil production was mainly attributable to the Organisation of Petroleum Exporting Countries ("**OPEC**") and its allies (together known as OPEC+) agreeing to cut production in late 2020. The bloc had agreed to limit production increases throughout 2021 to support higher crude oil prices. The price of the Europe Brent Spot Price FOB increased from USD54.77 per barrel in January 2021 to USD74.17 per barrel in December 2021 (the average price was USD70.86 per barrel for 2021). In 2022, crude oil prices continued to climb higher. In particular, the war between Russia and Ukraine has caused disruptions to the global supply chain. As one of the largest exporters of oil in the world, Russia's involvement in the war throws oil supply from the country into doubt. Crude oil prices have hovered between USD100.45 and USD122.71 per barrel from March to August 2022. However, due to recession fears in some major economies as well as the economic slowdown in China, oil prices dipped below USD100 per barrel in September 2022. To support sliding oil prices, OPEC+ agreed to a production cut of 2 million barrels per day in early October 2022 starting November 2022 until end of 2023. Oil prices stood at USD80.92 per barrel by the end of December 2022.

On 2 April 2023, OPEC+ announced a further production cut of 1.16 million barrels per day, which is anticipated to cause a rise in crude oil prices. Saudi Arabia later pledged an additional voluntary output reduction of 1 million barrels per day for the month of July, which could be extended. In November, OPEC+ agreed to extend the production cuts into the first quarter of 2024. Further, China's economic recovery has continued to keep crude oil prices stable. By December 2023, the crude prices stood at USD77.63 (the average price was USD82.47 per barrel for 2023). The crude oil prices stood at USD83.48 per barrel in February 2024.

The world marketed production of natural gas was almost consistent for 2021 and 2022, with production amounting to 4.172 trillion standard cubic meters and 4.167 trillion standard cubic meters respectively. After the Americas (1.25 billion standard cubic metres) and Eurasia (838,674.00 million standard cubic metres), the Middle East region was the 3rd largest regional source of marketed production of natural gas, contributing 736,470.00 million standard cubic metres of the world marketed production of natural gas in 2022 while the Asia-Pacific region stood at 704,660.00 million standard cubic metres in 2022. On a closer look, the 5 countries with the highest marketed production of natural gas in the world in 2022 were the United States of America, Russia, Iran, China and Qatar while in the Asia-Pacific region, major countries for marketed production of natural gas include China, Australia, Indonesia and Malaysia.

In terms of the world refinery capacity, it has increased slightly from 101.26 million barrels per calendar day in 2021 to 101.77 million barrels per calendar in 2022. In 2022, the Asia-Pacific region had the highest refinery capacity at 36.49 million barrels per calendar day while the refinery capacity in the Middle East region stood at 10.04 million barrels per calendar day. Countries in the Asia-Pacific and the Middle East regions with refinery capacity of more than 2.00 million barrels per calendar day in 2022 were China, India, Japan, South Korea, Iran and Saudi Arabia. Similarly, the world output of petroleum products has also increased from 89.19 million barrels per day in 2021 to 91.12 million barrels per day in 2022. The Asia-Pacific region has remained as the largest petroleum products producing region with 32.90 million barrels per day produced in 2022 while the output of petroleum products in the Middle East region stood at 8.29 million barrels per day. Countries in the Asia-Pacific and the Middle East regions with output of petroleum products of more than 2.00 million barrels per day in 2022 were China, India, Japan, South Korea and Saudi Arabia.

1.2 Overview of the Malaysian Oil and Gas Industry

The Malaysian oil and gas industry has come a long way since its first official oil discovery in 1882. Initially, only onshore fields were explored for petroleum. Later, the improvement in offshore petroleum technology provided the necessary catalyst for offshore oil exploration activities. The breakthrough came in 1962 when oil was discovered in 2 offshore areas in the state of Sarawak. As for Peninsular Malaysia, the first oilfield in Peninsular Malaysia was discovered in 1971. Today, the oil and gas industry has become one of the mainstays of the Malaysian economy and it is part of the broader mining and quarrying sector. In 2022, the mining and quarrying sector accounted for RM96.20 billion or 6.37% of the Malaysian's real gross domestic product. Out of the mining and quarrying sector, the crude oil and condensate, and natural gas related activities contributed RM87.47 billion or 5.79% of the Malaysian's real gross domestic product in 2022. The crude oil and condensate, and natural gas related activities is projected to register a modest decline of 1.63% to RM86.04 billion in 2023, followed by a growth of 7.65% to reach RM92.62 billion in 2024, in terms of the Malaysia's real gross domestic product.

In 2022 Malaysia is a net importer of crude petroleum (by value) with a deficit of RM21.39 billion. The export value of crude petroleum amounted to RM31.55 billion while the import value of crude petroleum amounted to RM52.94 billion. On the other hand, Malaysia is a net exporter of refined petroleum products (by value) in 2022. The export value of refined petroleum products amounted to RM151.66 billion while the import value of refined petroleum products amounted to RM139.83 billion during the year.

Heavy investments made in recent years such as the Pengerang Integrated Complex and new Integrated Aroma Ingredients Complex start to bear fruit and bolster the downstream capabilities of the country. PETRONAS has successfully ventured into specialty chemicals and has higher refining capacity to balance Malaysia's gasoline supply and demand. In addition, PETRONAS is now better positioned to undertake a lot more blending of oil to meet demand for low-sulphur oil from shippers following the new fuel regulations by the International Maritime Organization.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of liquefied natural gas ("LNG") per annum. While the

country experienced a dip in value of exports of LNG in 2020 at RM29.87 billion due to the effects of COVID-19, exports rebounded in 2021 to stand at RM38.19 billion. The value of exports of LNG from Malaysia grew further in 2022, registering RM67.99 billion. This signified a 78.0% increase over the previous year in terms of value of exports for LNG from Malaysia. With key LNG assets such as the PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world’s largest LNG production facilities at a single location, Malaysia is expected to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

1.3 Overview of the Marine Transportation and Support Services Market in Malaysia

The marine transportation and support services market encompasses the transportation of personnel, equipment and supplies, as well as extracted oil and gas, and refined petroleum products across water bodies. In Malaysia, marine transportation and support services mainly involves tankers and offshore support vessels (“OSVs”).

Tankers are merchant vessels designed to transport liquid and gas bulks, encompasses the transportation of crude oil, refined petroleum products (both clean and dirty products) and chemicals from one destination to another. In addition, the liquid cargoes in these tankers are carried in numerous bulk tanks inside the vessels. This specific design bulk tanks mainly serves two reasons, including for safety and in order to transport a number of different liquid products at the same time. There are four categories of tankers, namely crude oil tankers, product tankers, chemical tankers as well as other tankers (which includes bulk carriers and containerships).

OSVs on the other hand, are predominantly built for providing the necessary assistance to the offshore oil and gas industry particularly in supporting offshore activities. The main tasks of OSVs include carrying goods, supplies, equipment or crew on a regular basis in support of activities such as exploration, exploitation and production of oil and gas resources. OSVs generally falls into various functional classifications and is classified according to its operating characteristics or capabilities. OSVs are generally highly manoeuvrable, capable of storing consumables, have large and open aft deck and come with the necessary equipment for anchor handling, cargo and towing operations.

Figure 1: Types and Descriptions of Selected OSVs

Type	Description
Anchor Handling Tug Supply (“AHTS”)	<ul style="list-style-type: none"> Primarily used to place anchors for drilling rigs at locations as well as to tow mobile drilling rigs and equipment to different locations.
Barge	<ul style="list-style-type: none"> Is typically a flat-bottomed vessel built mainly for transporting supplies or bulk cargo to offshore platforms.
Construction Support Vessel	<ul style="list-style-type: none"> Often plays a supporting role in assisting the construction and installation of offshore platforms as well as pipelines by transporting bulk cargos of required materials and supplies.
Crewboat	<ul style="list-style-type: none"> Used for fast mobilisation of crew or cargo between production platforms and rigs. Are usually used for transporting supplies or crew on a time-sensitive basis because it is designed for speed.
Diving Support Vessel	<ul style="list-style-type: none"> Used for providing support or to facilitate diving operations performed at the oil production platforms as well as for related installations in open water.
Drill Ship	<ul style="list-style-type: none"> Is fitted with drilling equipment designed to do exploratory drilling for new oil or gas fields in deep water.
Floating Production, Storage and Offloading Vessel	<ul style="list-style-type: none"> Is a flexible stand-alone facility with storage capacity that is capable of being relocated when required and has storage capacity (may be converted to a tanker when required) and is capable of relocation when required. May also be converted to a tanker when required.

Type	Description
	<ul style="list-style-type: none"> Participating in the offshore oil and gas production process by facilitating transportation, processing, storing and offloading of oil from the offshore fields.
Platform Supply Vessel	<ul style="list-style-type: none"> Used to assist drilling and production facilities. Providing support for offshore construction and maintenance works. Also used for carrying supplies, equipment and crew to platforms.
Remotely Operation Vehicle	<ul style="list-style-type: none"> Is generally utilised to repair complex deepwater production systems. Also used in highly specialised operations particularly tasks that are not considered suitable for humans' intervention.
Specialty Vessel	<ul style="list-style-type: none"> Providing support to ROVs or other vessels that are involved in oil and gas exploration activities such as seismic data gathering. Is also used for activities related to oil recovery and oil spill response
Standby Support Vessel	<ul style="list-style-type: none"> Is typically put on station as a contingency measure to provide a safety backup particularly to offshore rigs and production facilities Is generally required for all manned locations and used for safety patrolling duty at specific areas. Can also act as supply vessel if required.
Bunker Barges	<ul style="list-style-type: none"> Is generally used to supply vessels with fuel while the vessels are at anchor in port or are tied up alongside in port.
Tug	<ul style="list-style-type: none"> Used to tow or push other vessels such as barges. Often works hand-in-hand with barges as single operating system.
Utility Vessel	<ul style="list-style-type: none"> Used to provide support in the offshore oil and gas E&P activities by transporting oil field support equipment and to a lesser extent, crew as well. Sometimes it may be used to provide standby functions.

Note: The above list of OSVs is not exhaustive and only serves to provide a better understanding to readers.

Source: Protégé Associates

1.4 Historical Market Performance and Growth Forecast

The potential size of the OGSE industry in Malaysia is heavily dependent on the capital expenditure committed by PETRONAS. As the custodian of Malaysia's petroleum resources, PETRONAS allocates budgets and determines upstream and downstream oil and gas projects that will be undertaken in Malaysia which have a positive impact on the participation rate and revenue stream of OGSE industry players. For the purpose of this report, Protégé Associates has used the annual domestic capital expenditure programme of PETRONAS as a proxy to gauge the historical performance and future outlook of the OGSE industry in Malaysia.

Figure 2: Historical and Growth Forecast of the Domestic Capital Expenditure of PETRONAS, 2020-2028

Year	Domestic Capital Expenditure (RM billion)	Growth Rate (%)
2020	17.50	-
2021	15.00	-14.29
2022	18.60	24.00
2023	26.20	40.86
2024 ^f	26.50	1.15
2025 ^f	27.00	1.89
2026 ^f	27.50	1.85
2027 ^f	28.00	1.82
2028 ^f	28.00	0.00

Compound annual growth rate ("CAGR") (2024-2028) (base year of 2023): 1.34%

Note: f denotes forecast

Sources: PETRONAS and Protégé Associates

The PETRONAS domestic capital expenditure increased by 24.0% from RM15.00 billion in 2021 to RM18.60 billion in 2022 driven by the growth of the Malaysian oil and gas industry. Amidst the continued disruption in global oil supply chain due to the Russian-Ukraine war as well as the economic recovery in a post-pandemic environment, PETRONAS has continued to strengthen our business and pursue capital expenditure on exploration, development, and production activities to sustain and grow production in Malaysia.

In 2023, the domestic capital expenditure of PETRONAS increased by 40.86% to RM26.20 billion. The increase is mainly attributed to PETRONAS's investments in key projects including its Nearshore Floating LNG project in Sabah, the Kasawari Gas Field development, and the carbon sequestration (process of capturing and storing atmospheric carbon dioxide) facilities in Sarawak. Furthermore, the high average crude oil prices environment throughout the year facilitated PETRONAS robust spending endeavours. The increase in PETRONAS' capital expenditure would benefits the OGSE players due to increased demand for their services.

According to its 2024-2026 Activity Outlook, PETRONAS is committed to its long-term target to sustaining and growing Malaysia's oil and gas production within the next three years. To enhance production efficiency and sustainability in the oil and gas industry, approximately 300 Facilities Improvement Plans ("FIPs") are to be carried out annually for the next three years. These include rejuvenation projects, gas turbine and generator replacements, and other major maintenance works. Moreover, decommissioning activities will be carried out for about 150 matured assets while disused assets will be assessed for potential reuse or repurposing.

Furthermore, the PETRONAS production operations vessels ("POV") tender for the year 2024 consists of 3+3 years' contracts for approximately 145 vessels across different sub-segments, with a cumulative contract value exceeding RM2.00 billion annually. PETRONAS has also increased its vessel demand estimate to 397 in 2024, whereas only 250 to 270 local-flagged vessels are currently serving the local O&G industry. The demand supply gap is expected to spur an influx of new vessels in the coming years, which bodes well for the growth of the local OGSE industry.

The downstream business is increasingly expanding into cleaner energy initiatives such as the ongoing development of a greenfield biorefinery and co-processing plant that is set to begin in 2026, alongside the expansion of LNG bunkering and PETRONAS automotive fluid solutions for electric vehicles ("EVs") and other thermal management applications. These aforesaid developments are anticipated to provide opportunities for the OGSE players across exploration, development, production and decommissioning activities.

According to PETRONAS, its capital investment allocation between 2023 to 2027 is expected to be 43.0 % higher than the last five years (between 2018 to 2022), primarily as a result of scaling up investments in the core business, lowering its emissions as well as investing in new business to future-proof PETRONAS's portfolio. Going forward, the annual domestic capital expenditure of PETRONAS is projected to increase from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and

growth projects in continuing their effort to support and contribute towards the resilience of the OGSE industry.

1.5 Competitive Analysis

The OGSE industry in Malaysia is considered mature with the presence of established industry players. It has relatively high barriers to entry in the form of stringent regulatory requirements, sizeable capital requirements, high dependency on skilled workers and high technology intensity. OGSE industry players are required to obtain a valid licence from PETRONAS in order to supply goods or services to the upstream sector in the Malaysian oil and gas industry and the downstream sector of PETRONAS group of companies, including maritime activities. For those that intend to provide goods or services to only the downstream sector of PETRONAS Group of Companies, including maritime activities, they need to have a valid registration from PETRONAS. OGSE industry players in Malaysia can apply for one or more SWECs under the list of SWECs for services and/or products subject to meeting the minimum technical requirements and application type criteria for the SWECs applied. Foreign OGSE industry players can participate in the upstream sector of the oil and gas industry in Malaysia by either appointing a local company as an exclusive agent representing them or form a new joint venture company with a local company.

According to the Malaysian Petroleum Resources Corporation (an agency under the Ministry of Economy that provides recommendations and implements initiatives to advance Malaysia's OGSE industry and drive the sector's development towards cleaner and sustainable energy), 665 companies were recognised as OGSE companies in 2022, whom are companies registered with the Companies Commission of Malaysia and have revenue generated from the oil and gas activities. These industry players have the competency and capabilities that span across the different segments of the entire oil and gas value chain, namely seismic and hydrographic surveys, drilling and drilling related services, engineering and consultancy services, equipment and system suppliers or manufacturers, shipbuilding and repair, fabrication, construction and modification, pipeline, offshore installation, civil and dredging, inspection, maintenance and repair, hook-up and commissioning, transport and logistics services, health, safety, environment and quality assurance or quality control services, personnel services, research and development and others segments.

There are OGSE industry players that have already tapped into the equity market in Malaysia. For examples, Alam Maritim Resources Berhad, Dayang Enterprise Holdings Berhad, Deleum Berhad, Dialog Group Berhad, Handal Energy Berhad, ICON Offshore Berhad, Malaysia Marine and Heavy Engineering Berhad, Malaysian Bulk Carriers Berhad, Sapura Energy Berhad, Sealink International Berhad, TH Heavy Engineering Berhad and Uzma Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). In addition, some of these OGSE industry players including the abovementioned industry players already have track record in executing or securing project(s) overseas.

1.6 Comparison between EA Technique and Selected Industry Players

EA Technique is principally involved in the provision of marine transportation and offshore storage of oil and gas. In particular, EA Technique operates tankers for the transport of refined petroleum products, floating storage and offloading vessels to support production platforms, as well as OSVs namely crew boats to transport personnel/light cargo. For the financial year ended ("**FYE**") 31 December 2023, EA Technique registered revenue of RM133.08 million.

Protégé Associates has identified several key industry players that are comparable based on the following criteria:

- involved in the provision of marine transportation and support services to the oil and gas industry, particularly for the provision of tankers and/or OSVs; and
- registered revenue of below RM350.00 million based on its latest publicly available financial information.

After taking into consideration the above criteria, Protégé Associates has selected the following industry players as comparable companies with EA Technique.

Figure 3: Financial Information of EA Technique and Selected Players in the OGSE Industry in Malaysia

Company Name	Product Offering		FYE	Revenue (RM'000)	Gross Profit (RM'000)	Profit After Tax (RM'000)	Gross Profit Margin ¹ (%)	Profit After Tax Margin ² (%)
	Tanker	OSVs						
EA Technique	√	√	31-12-2023	133,079.00	47,520.00	23,692.00	35.71	17.80
Alam Maritim Resources Berhad		√	30-06-2023	310,603.42	9,686.65	14,187.70	3.12	4.57
DESB Marine Services Sdn Bhd ³		√	31-12-2022	100,364.70	13,560.02	12,153.48	13.51	12.11
Dinastia Jati Sdn Bhd	√	√	31-12-2022	223,809.64	11,149.84	903.21	4.98	0.40
Fast Meridian Sdn Bhd	√	√	31-12-2022	28,495.16	16,514.19	467.54	57.95	1.64
ICON Offshore Berhad		√	31-12-2023	199,788.09	38,516.28	6,716.58	19.28	3.36
Jasa Merin (Malaysia) Sdn Bhd ⁴	√	√	30-04-2023	225,126.00	69,899.00	66,688.00	31.05	29.62
Kejora Resources Sdn Bhd		√	31-12-2021	64,001.27	27,900.48	13,374.93	43.59	20.90
KBH Marine Industry Sdn Bhd		√	31-12-2022	13,532.20	3,050.08	-244.86	22.54	-1.81
Lunar Shipping Sdn Bhd		√	31-08-2023	13,772.15	4,139.43	2,566.52	30.06	18.64
Malaysian Bulk Carriers Berhad	√		31-12-2023	128,210.00	n/a	49,646.00	n/a	38.72
Orkim Sdn Bhd	√		31-12-2022	315,577.00	94,241.00	27,941.00	29.86	8.85
Sealink International Berhad		√	31-12-2022	106,360.70	20,944.32	-1,740.81	19.69	-0.02
Sribima (M) Shipping Sdn Bhd		√	31-12-2022	14,432.90	1,804.01	-1,332.71	12.50	-9.23

Notes:

- The list of market players is alphabetically arranged and does not constitute as a ranking;
- The above figures only provide an indication and is not considered directly comparable due to the following reasons:
 - Not all companies have the same financial year end; and
 - Not all companies carry out activities that are completely the same to each other or in the same geographical area.
- Financial information of comparable market players and EA Technique such as revenue, gross profit and profit/ loss after tax were based on information from Companies Commission of Malaysia and EA Technique, respectively while the financial ratios in the table were computed by Protégé Associates.

¹ Gross Profit Margin = Gross Profit / Revenue² Profit after Tax Margin = Profit after Tax / Revenue³ DESB Marine Services Sdn Bhd is a subsidiary of Dayang Enterprise Holdings Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.⁴ Jasa Merin Sdn Bhd is a subsidiary of Marine & General Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad

Sources: Companies Commission of Malaysia, annual reports of Alam Maritim, ICON Offshore, Malaysian Bulk Carriers, Sealink International, and Protégé Associates

2.0 EA Technique's Market Share Analysis

For the FYE 31 December 2023, EA Technique generated revenue of RM133.08 million, representing 0.51% share of the Malaysian OGSE industry, that amounted to RM26.20 billion in 2023.

3.0 Demand Conditions

Figure 4: Demand Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	The Presence of Strategic Petroleum Reserves	High	High	High
+	Petrochemical Industry as a Long-Term Source of Incremental Demand	Medium	Medium	Medium
+	Continuing Investments Driving Upstream and Downstream Oil and Gas Activities	Low	Low	Medium
-	Fluctuations in Crude Oil Prices May Lead to Uncertain Earnings	High	Medium	Medium
-	The Implementation of Further Efficiency Improvements in Road Transportation	Medium	Medium	Medium
-	Increasing Threat of Substitutability from Greener and Renewable Sources of Energy	Low	Low	Medium

Source: Protégé Associates

In order to maintain national fuel security and protect the economy during an energy crisis, crude oil is often stockpiled into what is commonly known as strategic petroleum reserves. The drawdown and replenishment or addition of strategic petroleum reserves can also act as a stabilising force against sharp movements in the prices of crude oil. As such, the presence of strategic petroleum reserves brings a positive impact to the overall development of the oil and gas industry including the OGSE industry.

The global oil demand from the petrochemical industry is expected to increase from 20.5 million barrels per day in 2021 to 23.7 million barrels per day in 2023 and 25.5 million barrels per day in 2050, respectively. The increase is largely supported by the growing demand for a wide range of products including plastics, synthetic fibres, detergents, paints, adhesives, aerosols, insecticides, and pharmaceuticals. Around 70.0% (10.0 million barrels per day) of oil demand is used as petrochemical feedstock to produce plastics. Despite the implementation of policies by various countries to ban or reduce single-use plastics, improve recycling rates, and promote alternative feedstocks, these measures alone may not be sufficient to adequately offset the increasing demand for plastics. The demand for petrochemical feedstock used in plastics production is expected to rise by an estimated 3.0 million barrels per day between 2021 and 2050. Sustained dependence on petrochemicals for the production of these products is sparked by rising population and on-going industrialisation around the world. This development is expected to provide the impetus for growth in the oil and gas industry, which in turn further drive growth in the local OGSE industry.

Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, we can expect more future offshore exploration activities to be conducted in deep and ultra-deep water. Meanwhile, the development of the downstream sector of the local oil and gas industry is expected to gain further traction with the continuing investments in the petroleum products (including petrochemicals) industry. In 2022, there were 18 approved oil and gas projects with investments worth RM23.90 billion compared to 16 approved oil and gas projects with investments worth RM17.09 billion in 2021. These projects can help to spur further activities in the local OGSE industry.

It is also worth noting that the commercial viability of OGSE projects is dependent to a large extent on the prices of crude oil. During the COVID-19 pandemic, global oil demand contracted due to lockdown measures causing a decline in crude oil prices. The rollout of vaccines subsequently led to the recovery of oil demand and higher crude oil prices in 2021. However, in 2022, the crude oil prices become volatile due to Russia-Ukraine war which disrupted oil supply and caused a spike in crude oil prices. Furthermore, recession fears in some major economies as well as the economic slowdown in China further dampened crude oil prices. Overall, crude oil prices stood at USD100.93 per barrel in 2022. While in 2023, crude oil prices hovered between USD74.84 per barrel and USD93.72 per barrel between January 2023 and December 2023. Crude oil prices averaged at USD82.49 per barrel during the year. The fluctuation in the crude oil prices has made it increasingly challenging for OGSE companies to forecast their earnings and plan ahead due to rapid market changes and increasing uncertainty.

Given that a sizeable demand for oil comes from road transportation sector, technological developments, a tightening of energy policies as well as the faster penetration of electric and alternative-fuelled vehicles have inevitably led to further efficiency improvements. According to the International Energy Agency,

electric car sales exceeded 10.0 million in 2022, a 55.0% increase from 6.6 million sales in 2021, despite supply chain disruptions, macro-economic and geopolitical uncertainty and high commodity and energy prices. The global electric car sales are expected to continue strongly with 14.0 million sales projected by the end of 2023, aligning with the growing concern about climate change and the reduction of greenhouse gas emissions as countries establish their green energy transition goals. The adoption of electric cars is expected to dampened the demand for oil which does not augur well for the growth in the oil and gas industry including the OGSE industry. As environmental and cost concerns become more prominent around the world, greener and renewable energy sources such as solar, wind, hydro and biomass are increasingly being explored to replace fossil fuel. PETRONAS has made efforts to venture into alternative energy sector by establishing Gentari Sdn. Bhd, to provide integrated sustainable energy solutions encompassing renewable energy, hydrogen, and green mobility. As part of its aspiration to achieve net zero carbon emissions by 2050, PETRONAS has started diversifying its operations beyond its core business of oil and gas into the green and renewable energy. However, green and renewable sources of energy are not expected to make a marked dent in the demand for fossil fuels during the forecast period because fossil fuels remain the familiar and more cost-efficient choice for the majority of major energy users. Despite efforts to diversify and promote cleaner energy alternatives, the infrastructure and scale for renewable energy sources are not yet at a level to significantly replace the demand for fossil fuels in the near term.

3.0 Supply Conditions

Figure 5: Supply Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Strong Leadership by PETRONAS	High	High	High
+	Continuing Close Attention and Support from the Malaysian Government	High	High	High
-	Relatively High Regulatory Barriers to Entry	High	High	High
-	Underinvestment in Oil and Gas amid a Shift to Cleaner Fuels	Low	Low	Medium

Source: Protégé Associates

PETRONAS who is the custodian of Malaysia’s petroleum resources, is actively involved in spearheading efforts to stimulate the growth in the local oil and gas industry including its stakeholders such as the local OGSE industry. In Malaysia, PETRONAS fosters collaborations and partnerships in the oil and gas industry by working with operators in petroleum activities across the value chain and throughout the entire asset life. Oil and gas industry players in Malaysia, including the local OGSE industry players can also look forward to a transformed PETRONAS Technical Standards with the expected full adoption of the International Standards which can create mutually beneficial outcome in terms of cost, quality, reliability, safety and schedule. Further traction in standardisation can help to reduce cost and open up opportunities to create greater value for manufacturers, suppliers and principals. In addition, digitalisation, permanent reservoir modelling and enhanced oil recovery methods are expected to continue improving oil recovery rate from mature oil fields and drive the advent of tight oil and shale gas. The local oil and gas industry including the local OGSE industry can also look forward to the continuing close attention and support from the Government in the form of national strategic policies or masterplans, due to its strategic importance as key source of revenue and economy driver. In particular, the Malaysian Investment Development Authority (“MIDA”) remains focused on the continued strategic integration in the country’s downstream operations to meet demands and capture value across the oil and gas value chain. MIDA also encourages more joint ventures or collaborations between local and foreign players with expertise to enhance local capabilities via knowledge transfer.

On the flipside, the OGSE industry has relatively high barriers to entry as potential entrants are required to obtain licenses, registrations and/or approvals to provide OGSE, thus restraining the number of entrants into the industry. In addition, the local OGSE industry is also witnessing a lack of investment in new oil and gas supplies amid a shift in focus towards cleaner energy sources. According to the IEA, the global energy investment experienced a decline of approximately 20% in 2020, primarily driven by the effects of the COVID-19 pandemic which dampened oil demand. On top of that, the IEA is also calling for investors to stop funding new fossil fuel projects to achieve net zero emission by 2050, which is likely to cause further decrease in oil and gas supplies as major oil and gas players increasingly

diversify towards green and renewable energy. Nevertheless, it is important to note that oil and gas continue to play a pivotal role in the energy sector, in terms of fuel consumption and power generation. Therefore, the underinvestment in the global oil and gas sector could lead to tighter supplies at a time when oil demand normalised post pandemic, particularly due to growing needs of sectors such as road transportation, aviation and shipping. While the transition to green and renewable energy is slowly picking up, it is nonetheless expected to fall short of meeting the rising demand for energy in a sustainable manner.

4.0 Outlook and Prospect of the OGSE Industry in Malaysia

The outlook for the local OGSE industry is dependent to a large extent on the annual domestic capital expenditure of PETRONAS. The domestic capital expenditure by PETRONAS stood at RM18.60 billion in 2022, which is an increase from the RM15.00 billion recorded in the previous year, driven by the growth of the Malaysian oil and gas industry. In recent years, the crude oil prices have been volatile due to the impact of COVID-19 pandemic. Moreover, the Russia-Ukraine war has further disrupted the global oil supply chain, causing the crude oil prices to rise above USD100 per barrel during the period of March to August 2022. Furthermore, concerns over potential recession in major economies and the economic slowdown in China has contributed to the pressure on the crude oil prices. In spite of these challenges, PETRONAS nevertheless has continued to strengthen its business and pursue capital expenditure on exploration, development and production activities to sustain and grow production in Malaysia.

In 2023, the domestic capital expenditure of PETRONAS reached RM26.20 billion. Moving forward, growth is expected to be supported by PETRONAS's commitment to its long-term target to sustaining and growth Malaysia's oil and gas production, coupled with expected high average crude oil prices environment that will facilitate PETRONAS' spending endeavours. As such, the annual domestic CAPEX of PETRONAS is projected to increase from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry.

Factors boosting growth within the local OGSE industry is likely to come from the presence of strategic petroleum reserves as well as continuing influx of investments that can stimulate more upstream and downstream oil and gas activities. In addition, the local OGSE industry can count on the petrochemical industry as a long-term source of incremental demand for oil. However, fluctuations in crude oil prices can lead to fluctuations in the earnings of companies, which may affect the expansion of the industry. While the implementation of further efficiency improvements in the road transportation and increasing threat of substitutability from greener and renewable sources of energy may poses a threat to the growth of the local OGSE industry, they are not expected to markedly impact the demand for fossil fuels during the forecast period. The green energy transition process is expected to progress gradually, with fossil fuels projected to account for 78.0% of the global energy mix by 2032, compared with 81.0% recorded in 2022. Therefore, fossil fuels is expected to remain the familiar and are more cost-efficient choice for the majority of major energy users.

On the supply side, strong leadership by PETRONAS along with the close attention and support from the Government means that the local oil and gas industry (including the OGSE industry) is being guided by steady hands in navigating its future direction. On the flip side, the level of participation in the local OGSE industry is hindered by the relatively high regulatory barriers to entry. In addition, the lack of investment into the oil and gas sector is also expected to affect the development of the local oil and gas industry, including the OGSE industry.



**E.A. TECHNIQUE (M) BERHAD
(EATECH)**

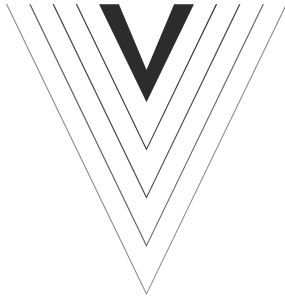
**INTERNAL CONTROL REVIEW AND
ENTERPRISE RISK MANAGEMENT REPORT
27th MAY 2024**

VAERSA

VAERSA
(1271108 K)

B-5-12, Menara Prima,
Jalan PJU 1/39, Dataran Prima,
47301 Petaling Jaya, Selangor

03-7886 4304



VAERSA

STRICTLY PRIVATE & CONFIDENTIAL

27th May 2024

E.A. TECHNIQUE (M) BERHAD

Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor Darul Takzim.

Dear Sir/Madam,

**INTERNAL CONTROL AND RISK MANAGEMENT REVIEW PERTAINING TO
THE REGULARISATION PLAN OF E.A. TECHNIQUE (M) BERHAD (“EATECH”
OR THE “COMPANY”)**

In accordance with Paragraph 8.04 and Paragraph 2.1(e) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), EATECH and its principal adviser, Malacca Securities Sdn Bhd, must review the internal control and risk management system of EATECH and submit to Bursa Securities the results of such review together with its action plans to address the weaknesses identified.

Based on the above requirement, we have undertaken an independent evaluation on the internal control and risk management system in EATECH and we hereby enclose our report summarizing our findings, recommendations for improvement and management comments.

Thank you.

Yours sincerely,

For or on behalf of

VAERSA ADVISORY SDN. BHD.

**QUINCY GAN HOONG HUAT
EXECUTIVE DIRECTOR**

VAERSA
ADVISORY SDN BHD
(1272384-X)

B-5-12, Menara Prima,
Jalan PJU 1/39, Dataran Prima,
47301 Petaling Jaya, Selangor.

03-7886 4304
www.vaersa.my

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ABBREVIATIONS

In this report, the following abbreviations shall have the following meaning unless otherwise stated:

ASL	Approved Suppliers List
AFS	Audited Financial Statement
Board	Board of Directors
Bursa	Bursa Malaysia Securities Berhad
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COBIT	Control Objectives For Information Technologies
DO	Delivery Order
EATECH	E.A. Technique (M) Berhad
EIS	Employment Insurance System
EPF	Employees' Provident Fund
FYE	For Year Ended
FSU	Floating Storage Unit
HOD	Head of Department
ISO	International Organization for Standardization
JSE	Johor Shipyard and Engineering Sdn Bhd
KPI	Key Performance Indicator
LOA	Limit of Authority
LOD	Letter of Demand
LPP	Libra Perfex Precision Sdn Bhd
MARPOL	The International Convention for the Prevention of Pollution from Ships
PCB	Potongank Cukai Bulanan or Income Tax Deduction
PF	Personal File
PFLNG	Petronas Floating LNG (L) Ltd
PN17	Practice Note 17
PO	Purchase Order
PS	Purchasing Staff
PV	Payment Voucher
SC	Securities Commission Malaysia



ABBREVIATIONS (CONT'D)

SLA	Service Level Agreement
SOCSO	Social Security Organisation
SOP	Standard Operating Procedures



SECTION 1 - EXECUTIVE SUMMARY

1.1 GENERAL INFORMATION

E.A. Technique (M) Berhad is a local marine company that owns and operates marine vessels where our business is focused on marine transportation and offshore storage of oil and gas, and provision of port marine services.

The Group is involved in the charter of various types of tankers for the transportation and offshore storage of oil and gas, charter of marine tug vessels for the provision of port marine services and charter of Offshore Support Vessels in the form of fast crew boats to transport personnel/light cargoes between shore, platform, and other offshore facilities.

The Company also ventured into shipbuilding, ship repair and minor fabrication in 2007 through their subsidiary, JSE, which operates on a 20 acres land in Hutan Melintang, Perak.

On 25 February 2022, the Company announced to Bursa Malaysia Securities Berhad (Bursa) that the Company is classified as a PN17 issuer as it has triggered the prescribed criteria pursuant to Paragraph 8.04 of the Chapter 8, Paragraph 2.1(a), and Paragraph 2.1(e) of PN17 of the Listing Requirements. Pursuant to PN17, the Company is required to submit a regularisation plan to either Bursa or SC for approval within 12 months from the announcement date.

This report serves to provide a summary of the key objectives, observations, and outcome of the engagement.

1.2 OBJECTIVES

The objectives of our audit are as follows:

- (i) To study and review the internal control system of EATECH;
- (ii) To review, identify and assess the enterprise risks of EATECH and to ascertain the adequacy of risk management system;
- (iii) To discuss our audit findings and the associated recommendations with the Operating Management; and
- (iv) To report our audit findings together with the management response to the Board of Directors.

The internal control review was conducted to assess the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures.

The review covered this activity for the period from January 2022 – December 2022 and follow-up updates were performed from 1st January 2023 – 31st August 2023. Further, we have subsequently performed follow-up review and updated the report as of 27th May 2024.



1.3 OUR METHODOLOGY

1.3.1 Internal Control Review

Our audit procedures were designed to identify various opportunities to enhance the existing systems of internal control and process efficiency at EATECH and thereon provide recommendations for improvement.

We conducted our work by referring to a recognised framework for internal auditing such as the *International Professional Practices Framework* issued by the Institute of Internal Auditors. The followings briefly describe our approach to the review of internal control system:

Interview Process

We have interviewed the key process owners to enable us to gain an understanding of the processes; to identify risks associated with the processes; and to determine the existence of internal control and its effectiveness relative to the process / function / business unit's objectives.

Review of Information

A large volume of documents was provided as part of the internal control review process. We performed testing on selected documentation, including but not limited to, reviewing the control objectives for those processes; written policies and procedures; applicable laws and regulations; and financial reports.

We have also documented those processes through the use of process maps and process narratives; and identified and sourced the key risks and identified existing controls over those processes.

Analysis of Results

In reviewing the internal control, we summarised from the interview process and review of information furnished to us to enable us to evaluate whether the associated procedures, systems and controls are appropriately designed and functioning to achieve the process / function / business unit's objectives. These include,

- (a) comparison of the controls in place against those that we expect to find;
- (b) review the adequacy of controls over those processes to the extent they exist; and
- (c) review the extent to which incompatible duties were segregated in the processes (e.g. custodian, recording and authorisation of transactions).



1.3 OUR METHODOLOGY (CONT'D)

i. Classification of findings

Inadequate System of Internal Control	The issue noted indicates significant control weaknesses or absence of a control activity thereof, and the need for urgent remedial action by instituting new control procedures or modifying existing procedures. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
Process Improvement	The areas highlighted represent opportunities for improvement in the effectiveness or efficiency of the business process under review.
Implementation Lapses	These findings represent weaknesses in the functioning or implementation of internal controls. Management should take action to address these findings by enforcing the proper execution of existing control procedures as well as the adherence to established policies and procedures.

ii. Priority ratings

The classifications of findings are categorized according to priority, as a further guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

High	<p>A high priority issue requires immediate management attention. This is a serious internal control or risk management issue that if not mitigated, may, with a high degree of certainty, lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework or the process / function / business unit being audited • Serious violation of corporate strategies, policies, or values • Serious reputation damage, such as negative publicity in national or international media • Significant adverse regulatory impact, such as loss of operating licenses or material fines.
Medium	<p>A medium-priority issue requires timely management attention. This is an internal control or risk management issue could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the process / function / business unit being audited • Reputation damage, such as negative publicity in local or regional media • Adverse regulatory impact, such as public sanctions or immaterial fines.
Low	<p>A low priority issue requires routine management attention. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the process / function / business unit being audited. Risks likelihood of happening is rare and impact is low.</p>



1.3 OUR METHODOLOGY (CONT'D)

iii. Overall Opinion Grading

Effective (E)	Internal control processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
Some Improvement Needed (SI)	A few specific control weaknesses were noted; however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed (MI)	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Weak (W)	Key controls were either not being applied or were lacking. These weaknesses identified, taken together or individually, significantly impair the overall system of internal control. Prompt corrective action is recommended to improve implementation of key controls, which when carried out, would further reduce the residual risk of the processes to an acceptable level.



1.3.2 Enterprise Risk Management Review

The purpose of E.A. Technique (M) Berhad and its subsidiaries (“Group”) Risk Management Report is to ensure transparency in the Group and to make available information on how the Group manages the risks it encounters.

This risk management report discusses various dimensions of our Enterprise Risk Management (“ERM”). The risk-related information outlined in this section may not be exhaustive. The discussion may contain statements that are forward-looking in nature. Our business is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements.

A. Overview

Our ERM framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation, and monitoring of the strategic, operational, and legal and compliance risks to achieving our key business objectives. The Group’s ERM is to minimize the adverse impact of these risks, thus enabling the Group to leverage market opportunities effectively and enhance its long-term competitive advantage.

Several risks can impact the achievement of a business objective. Similarly, a single risk can impact the achievement of several business objectives. The focus of risk management is to assess risks and deploy mitigation measures. This is done through periodic review meetings of the Risk Management Committee (“RMC”). EATECH’s overall risk management process is overseen by the Board through the Audit Committee as an element of solid corporate governance.

Our risk management practices are:

Risk identification, analysis, and evaluation

Mechanisms for identification of risks include annual risk surveys across the Group, industry benchmarking, periodic assessments of the business environment, incident analysis, findings of internal audits, discussions with the risk council and the risk and strategy committee and analysis of the Group’s performance relative to the corporate scorecard goals. Risk analysis and evaluation are carried out using scenario-based assessments to decide the potential impact, likelihood of occurrence and in some cases, the detectability of the risk. Estimated risks are compared with established risk criteria and thresholds to determine the priority and method of risk treatment.

Measuring the Level of Likelihood and Consequence

Probability or likelihood estimations are established giving due consideration to the effectiveness of existing control measures. The Consequence defines the consequence criteria and assesses against potential financial loss, reputation impact, health and safety, legal and regulatory compliance and management time and effort.

The impacts contained in this Consequence Rating are based on the management’s assessment of the Group’s ability to continue operation in the event of a risk being realised. The setting of the limit is based on management’s assessment of the ability of the Group to support an unexpected loss of this magnitude whilst remaining solvent.

The review covered this activity for the period from January 2022 – December 2022 and further follow-up updates were performed from 1st January 2023 – 31st August 2023. Further, we have subsequently performed follow-up review and updated the report as of 27th May 2024.



1.3.3 Enterprise Risk Management Framework

The risk management methodology employed is based on assessment of risks and evaluated in terms of the risk impact on the enterprise and probability of occurrence. The risks are then mapped accordingly for a holistic review.

The matrix format ranking has been adopted for the Group in which potential risks are ranked as High, Moderately High, Moderate, Moderately Low or Low as follows:

Likelihood	Consequence				
	Immaterial (“IM”)	Minor (“Mi”)	Moderate (“Mo”)	Major (“Ma”)	Drastic (“D”)
Very Likely (“VL”)	Moderate	Moderately High	Moderately High	High	High
Likely (“L”)	Moderately Low	Moderate	Moderately High	Moderately High	High
Possible (“Ps”)	Low	Moderately Low	Moderately High	Moderately High	High
Unlikely (“UL”)	Low	Moderately Low	Moderate	Moderate	Moderately High
Rare (“R”)	Low	Low	Moderate	Moderate	Moderately High

Risk Rating	What Should I DO
High	Immediate action required
Moderately High	Action plan required; senior management attention needed
Moderate	Action plan required; management attention needed
Moderately Low	Specific monitoring or procedures required; management responsibility must be specified
Low	Manage through routine procedures. Unlikely need specific application of resources

Risk Rating Criteria

The risk ratings are on two main dimensions:

1. Likelihood (“L”)
2. The impact on the financials in the event of occurrence (“I”)



1.3.3 Enterprise Risk Management Framework (Cont'd)

As a guide towards risk rating and assessment, the categorisations are listed below:

Likelihood Rating			
The number of times within a specified period in which a risk may occur either because of business operations or through failure of operating systems, policies, or procedures.			
Rating	Description	Occurrence	Probability
Very likely	The risk is expected to occur in most circumstances or at the frequency of at least once in a month.	Multiple / 12 months	> 80%
Likely	The risk is expected to occur several times in a year.	Once / 12 months	61 – 80
Possible	The risk is expected to occur at least once in the next 12 months.	Once / 12 months – 3 years	41 – 60%
Unlikely	The risk is likely to occur less frequently but at least once in the next 3 years.	Once / 3 – 5 years	21 – 40%
Rare	The risk may occur in exceptional circumstances and is unlikely to occur in the next 5 years	Once / > 5 years	< 20%

The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage, or gain. There may be a range of possible outcomes associated with an event considering factors such as:

- Quantitative and qualitative
- List all the potential consequences of each risk
- List the consequences in monetary terms, to enable better judgement in the decision-making process.

Impact
Major impact, e.g. >25% deviation in scope
Significant impact, e.g. 10-25% deviation in scope
Measurable impact, e.g. 5-10% deviation in scope
Minor impact, e.g. <5% deviation in scope
Insignificant impact, it is not possible to measure the impact as it is minimal



SECTION 1.4 : SUMMARY OF RISKS

We have reviewed the main risks in the following main business areas:

1. Strategic risks
2. Human Resources risks
3. Operational risks
4. Financial risks
5. IT risks

We have identified 17 key risks and have accordingly drawn up a risk mapping and matrix. Generally, most of the main risks were in the acceptable zone.

Review Period	High	Moderately High	Moderate	Moderately Low	Low
August 2023	-	-	9	4	4
May 2024	-	-	9	4	4

The risk review period have been covered from January 2022 – December 2022 and subsequently the risk were updated in August 2023 and May 2024.

There were no risk categorized under High and Moderately High zone. There is a need to monitor risk mitigation efforts on this category of risks.

Management has responded positively to the issues highlighted and are implementing/taking mitigation procedures on the risks.

Summary of Risks are as follows:

Risk No.	Risk Categories	Risk	Main Risk Group	Risk Ratings	
				May 2024	August 2023
1	Strategic Risk	Market risk	Business is essentially project based and therefore, there must be always new projects coming on stream for sustainability.	Moderate	Moderate
2		Economic environmental risk	Overall economic environment not favourable and challenging.		
3		Long term growth risk	The Group’s business is essentially concentrated on marine transportation and offshore storage of oil and gas, and provision of port marine services.		
4		Competition risk	Competition from other players in the industry.		



5	Human Resource Risk	Continuity risk	Loss of key personnel without succession planning in place. Corporate Social Responsibility forge a stronger bond between employees and corporations (Social).	Moderately Low	Moderately Low
6		Retention risk	Loss of talent in key areas.		
7		Knowledge / competency risks	No update on latest technology / methodology in areas of operations / services.		
8	Operational Risk	Operational/Control risk	Lack of tracking and controls resulting in wastage/spoilage/financial loss. Wastage management and monitoring (Environmental)	Moderate	Moderate
9		Safety, health, and operational risks	Safety, fire, and other hazards at site.	Moderately Low	Moderately Low
10		Business continuity risk	Disruption in operations in the event of non-accessibility of office/facilities.	Moderate	Moderate
11		Loss of Company Asset	Disruption in operations in the event of loss of Company asset.	Low	Low
12	Financial Risk	Liquidity risk	Inadequate capital / cash flow problems for operations.	Moderate	Moderate
13		Credit risks	Default or very slow payment by Customers.		
14		Financial regulatory risk	Inability to comply with Bursa regulations leading to penalties / fines / PN 17 status.		
15	IT Risk	IT Security	Loss of critical data leading to disruption in operations / business.	Low	Low
16		Loss of data risk	Inadequate back-up of critical data.		
17		Disaster recovery risk	Disruption in event of disaster/ denial of access to premises/system.		



1.5 LIMITATION

Our internal audit activities are intended for the benefit of the Board of Directors and will not be planned or conducted in contemplation of reliance by any other party. Therefore, items of a possible interest to a third party may not be specifically addressed.

In carrying out our audit assessments, we have designed our work to evaluate the effectiveness of management systems of internal control to manage risks. However, our assessment does not constitute an audit in accordance with the general acceptable auditing standard for expressing an opinion on financial statements and are subject to the information and representations provided to us. Due to the inherent nature of the system of internal control, all systems of internal control could only provide reasonable but not absolute assurance.

Due to the test nature of our internal audit work and together with the inherent limitations of system of internal control and characteristics of fraud especially involving concealment and falsification of information and documents and high-level stakeholders' corroborations, our findings should not be relied on to provide absolute assurance and to detect fraud and non-compliance of laws even if these internal controls were evaluated satisfactory.

1.6 ACKNOWLEDGEMENT

We would like to express our gratitude to all employees involved in this engagement. Each person involved was accessible and provided useful information.



SECTION 2: SUMMARY OF KEY FINDINGS

We have noted a number of issues for management to consider and address. We have discussed those issues raised with the management, details of which are summarized in *Section 4*. The following represent a snapshot of those issues raised, their category, and the required priority for management's attention to address those issues. The following framework for internal audit ratings of issues / findings have been discussed and rated with management.

FINANCE AND ACCOUNTING DEPARTMENT

Ref#	Internal Audit Issues	Recommendations
4.1.5 Monitoring of Accounts Receivable	<p>We also noted the following debtors of EATECH have exceeded the credit terms of 60 days: -</p> <ul style="list-style-type: none"> i) Enquest Petroleum Production Malaysia ii) Al Fateh Engineering iii) Petra Energy Development Sdn Bhd iv) Aims-Global Holding Sdn Bhd v) Aims-Global Engineering Sdn Bhd vi) Surya Nautika Sdn Bhd <p>There was no credit limit set by Management for debtors upon having business transactions with the Company.</p>	<p>Management is recommended to:</p> <ul style="list-style-type: none"> i) Document the follow-up action taken on the outstanding debtors in Call Log to ensure the effectiveness in monitoring. ii) To set credit limit for debtors upon having business transactions with the company. iii) To expand the age bracket categories beyond 150 days to include categorisation of outstanding debt above 1 year. <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>
4.1.6 Monitoring of Accounts Payable	<p>Based on our review of the Creditors Ageing as of 31st October 2022, we noted for EATECH debt that have exceeded 60 days were approximately about 88.58% of total outstanding.</p> <p>Approximately 81.78% of the debts owed to JSE have exceeded 60 days.</p> <p>Approximately 62.21% of the debts owed to LPP have exceeded 60 days.</p>	<p>Management is recommended to take proactive action to ensure that there are no creditors that are more than 2 years and if there are any, to record and lodge to the Registrar.</p> <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>



PROCUREMENT AND CONTRACT DEPARTMENT

Function	Internal Audit Issues	Recommendations
4.2.2 Prequalification Assessment of New Suppliers	Absence of pre-qualification assessment for new suppliers.	<p>Management is recommended to perform the prequalification assessment prior to selecting any new suppliers.</p> <p>All new suppliers are required to submit the following document for Procurement Department assessment:-</p> <ul style="list-style-type: none"> i) Company profile including details of ownership, nature of business and past projects / previous clients. ii) Bank statement to indicates bank account belongs to the company itself. iii) SSM records on registration, directorship, financial performance etc. <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>
4.2.3 Annual Suppliers Assessment	<p>We noted the following inconsistency:-</p> <ul style="list-style-type: none"> i) <u>Vendor Evaluation Performed on an annual basis.</u> The actual practice noted that the vendor evaluation was only performed once a year. ii) <u>Inadequate evaluation of the vendor</u> Based on our review and interview, we noted that the vendor evaluation form has the same scoring for all the approved vendors. Nonetheless, the new Procurement and Contract Manager is aware of the inadequacy and shall thoroughly perform the evaluation based on the SOP. iii) <u>The Compiled Result of the Evaluation is not being presented to the Top Management.</u> The result of the evaluation is not being presented to the Top 	<p>Management is recommended to improve the following process to ensure there is consistency:</p> <ul style="list-style-type: none"> i) Vendor Evaluation to be performed twice a year. ii) Scoring for the Vendor to be evaluated properly. iii) Compiled result of vendor evaluation to be presented to the Top Management. <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>



Function	Internal Audit Issues	Recommendations
	Management which is supposed to review the Vendor Master List either to maintain as a vendor or being removed.	

HUMAN RESOURCES DEPARTMENT

Function	Internal Audit Issues	Recommendations
4.3.3 Employment Documentations	We have noted the following inconsistencies: - i) Incomplete Documentation in the Employee Personal File. ii) Absence of Personal File Checklist in the Personal File. iii) Inefficient Document Management.	Management is recommended to implement an up to date the Personal File Checklist and ensure that it is being applied to all the Employee Personal Files. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.3.4 Recruitment Process	We have noted the following issues: - i) Absence of Manpower Requisition Form. ii) Absence of Interview Evaluation Form. iii) Absence of Induction Training for Newly Joined Employee.	Management is recommended to document the following forms for the recruitment process: - i) Manpower Requisition Form. ii) Interview Evaluation Form. iii) Induction Training for Newly Joined Employee. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.3.5 Resignation and Termination Process	We have noted the following inconsistencies: - i) Absence of Leaver's Checklist. ii) Absence of Exit Interview Form. iii) Absence of Handover Form.	Management is recommended to document the following forms for the resignation process: - i) Leaver Checklist. ii) Exit Interview Form. iii) Handover Form. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.3.6 Manpower Planning and Budget	Absence of manpower planning and budget.	Management is recommended to establish and perform the manpower planning and budget to assist the Top Management in making decisions in terms of manpower and cashflow. Status of Implementation: Auditors' recommendations have been implemented and resolved.



Function	Internal Audit Issues	Recommendations
4.3.7 Succession Planning	Absence of Succession Planning Procedure.	<p>Management is recommended to establish a succession planning procedure to ensure the critical positions of the Group is identified and secured.</p> <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>

OPERATIONS DEPARTMENT

Ref#	Internal Audit Issues	Recommendations
4.4.3 Vessel Maintenance	<p>Based on our review of the vessel performance breakdown report, we noted there is absence of detailed analysis of breakdown in vessels.</p> <p>We noted that the breakdown in vessels divided into minor and major breakdown.</p> <p>For major breakdown, we noted there is no detailed analysis prepared by the Technical Team to identify the root cause of the breakdown.</p> <p>The detailed analysis of the breakdown can help to find the solution to overcome the major breakdown in the future and improve the effectiveness of the vessel performance.</p>	<p>Management is recommended to prepare the analysis of breakdown in vessels to ensure the root cause of the breakdown and solution to overcome the major breakdown in the future.</p> <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>
4.4.6 Monitoring of Business License	<p>As informed by Management the business licenses are not required for the rented properties at Port kertih, Sg, Udang, Kota Kinabalu and office space at Taman Setiawangsa, First Floor.</p> <p>For rented office space at Northport, the business licenses are in progress of renewal through online.</p>	<p>Management is recommended to obtain the business license to ensure there are no action taken by the Legal Authorities.</p> <p>Status of Implementation: Auditors' recommendations have been implemented and resolved.</p>



IT DEPARTMENT

Ref#	Internal Audit Issues	Recommendations
4.5.1 Review of Endpoint and Server Security	Based on our review of 15 endpoint security and one server, we noted that the devices are not installed with anti-virus software to protect from any malware and virus attack.	Management is recommended to install anti-virus software to protect the devices from any malware and virus attack. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.5.2 Review of Network Security	Based on our review, we have noted that the firewall and router firmware is not up to date. These will increase the surface area of attack for any malware or outsider's due to out-of-date firmware security.	Management is recommended to update the firewall and router firmware to avoid being attacked by any malware or outsiders due to out-of-date firmware security. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.5.3 IT Requisition Process	Based on our review, we noted that there was an absence of IT Requisition Tracking List and the following information:- i) Current Status of IT Request. ii) IT Requisition Time. iii) Initial Response Time. iv) Resolution Time. v) User Acceptance and Acknowledgement Time.	Management is recommended to document and include the following information in the IT Requisition Tracking List: - i) Current Status of IT Request. ii) IT Requisition Time. iii) Initial Response Time. iv) Resolution Time. v) User Acceptance and Acknowledgement Time. Status of Implementation: Auditors' recommendations have been implemented and resolved.
4.5.4 IT Training and Awareness	Absence of IT Training and Awareness.	Management is recommended to conduct the IT Training and Awareness which are important for ensuring that individuals and organizations have the necessary skills and knowledge to effectively use technology. The programs can help improve productivity, efficiency and prevent cybersecurity risks. Status of Implementation: Auditors' recommendations have been implemented and resolved.



SECTION 3: CONCLUSION

We conclude that critical process risks have been identified and relevant control activities have also been implemented accordingly except for those matters highlighted in our Summary of Key Findings above. Our overall opinion on the internal control of the following department of EATECH is as follows:

FINANCE AND ACCOUNTING DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.1.1	Review of Finance Standard Operating Procedure.	Effective	Effective
4.1.2	Budgeting and Budget Management.		
4.1.3	Cash Flow Projection and Monitoring.		
4.1.4	Petty Cash Management.	Some Improvement Needed	
4.1.5	Monitoring of Accounts Receivables.		
4.1.6	Monitoring of Accounts Payables.		
4.1.7	Bank Reconciliation.	Effective	
4.1.8	CAPEX Maintenance, Budgeting and Forecasting.		
4.1.9	CAPEX Voucher Preparation and Approval.		
4.1.10	Acquisition and Disposal of Fixed Asset.		
4.1.11	Review of LOA.		

PROCUREMENT AND CONTRACT DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.2.1	Review of Procurement Standard Operating Procedure.	Effective	Effective
4.2.2	Prequalification Assessment of New Suppliers.	Some Improvement Needed	
4.2.3	Annual Supplier Assessment.		
4.2.4	Payment Testing.	Effective	
4.2.5	Monitoring of Open PO.		
4.2.6	Review of Contract Agreement		

HUMAN RESOURCES DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.3.1	Review of Human Resources Standard Operating Procedure.	Effective	Effective
4.3.2	Review of Whistle-Blowing Policies and Procedures.		
4.3.3	Employment Documentation.	Some Improvement Needed	
4.3.4	Recruitment Process.		
4.3.5	Resignation and Termination Process.		
4.3.6	Manpower Planning and Budget.		



SECTION 3: CONCLUSION (CONT'D)

HUMAN RESOURCES DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.3.7	Succession Planning.	Major Improvement Needed	Effective
4.3.8	Probation and Confirmation.	Effective	
4.3.9	Disciplinary Actions.		
4.3.10	Employee Leave Application.		
4.3.11	Staff Training, Welfare, and Development Programme.		
4.3.12	Monthly Payroll and Salary Computation.		

OPERATIONS DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.4.1	Review of Operations Standard Operating Procedure.	Effective	Effective
4.4.2	Review of Insurance Coverage and Validity.		
4.4.3	Vessel Maintenance.	Some Improvement Needed	
4.4.4	Review of Monthly Operations Report.	Effective	
4.4.5	Maintenance Practices.		
4.4.6	Monitoring of Business License.	Some Improvement Needed	

IT DEPARTMENT

Ref#	Work Scope	Previous Grading	Current Grading
4.5.1	Review of Endpoint and Server Security.	Some Improvement Needed	Effective
4.5.2	Review of Network Security.		
4.5.3	IT Requisition Process.		
4.5.4	IT Training and Awareness.		
4.5.5	Password Configuration.	Effective	
4.5.6	Review of Third-Party SLA.		
4.5.7	Server Room Physical Access Security.		
4.5.8	Backup and Restoration Configuration.		
4.5.9	Identity and Access Management.		

The definition of control adequacy and effectiveness should be interpreted in conjunction with the scope of the audit and at the time of discussion, and observation of these control practices and in relation to transactions tested.



SECTION 4.1 – FINANCE DEPARTMENT

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.1 Review of Finance Standard Operating Procedure	<p>Based on our review, we noted the following sub-procedures which had been practice in Financial Management Process: -</p> <ul style="list-style-type: none"> i) Chart of Accounts, Journals and Ledgers. ii) Management Reporting and Financial Reporting. iii) Annual/Quarterly Budgeting. iv) Cash Flow Projection and Monitoring. v) Bank Reconciliations. vi) Petty Cash Management. vii) Insurance Management. viii) Acquisition and Disposal of Fixed Asset; and ix) Closing of Accounts. <p>The abovementioned procedures were revised by the Management in January 2022 and the revision history tabulated in the Finance SOP.</p> <p>There will be no lapses to the Company operations without ISO.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.2 Budgeting and Budget Management	<p>Based on our review, we noted the Group prepared financial performance budget annually.</p> <p>The budget report consists of the following information:</p> <ul style="list-style-type: none"> i) Consolidated Financial Budget. ii) Forecasted Budget from 2022 till 2026. iii) Actual and Forecasted Budget for the year 2022. iv) Description of the budget. v) Budget based on companies. vi) Capital expenditure budget position. <p>Finance Department also monitors the actual performance against the budgeted performance and tracks the financial performance of the Company for the financial year 2022.</p> <p>This exercise is performed by the Finance Department by consolidating the information from the other departments and review by the Head of Corporate Finance before recommended by the CFO.</p> <p>Lastly, it has been reviewed on quarterly basis for effective monitoring.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.3 Cash Flow Projections and Monitoring	<p>Based on our review, we noted there is Monthly Cash Flow Projections been prepared for the next 5 financial years from 2022 till 2026 by the Head of Corporate Finance.</p> <p>Management had established Variance Report on quarterly basis in January 2022. The Budget Report based on Strategic Planning 2022 that approved by EATECH's Board of Directors.</p> <p>However, in 3rd Quarter of 2022, Management had revisited the financial projection for the purpose of Regularisation Plan submission to Bursa. Upon completion of the Regularisation Plan submission, the Variance Report will be re-activated accordingly.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.4 Petty Cash Management	<p>Based on our review on Petty Cash Ledger selected from January 2022 to December 2022, we noted the following: -</p> <p>i) <u>Review authorization and supporting of Petty Cash Vouchers claim.</u></p> <p>We have reviewed total 15 samples of Petty Cash Vouchers which were prepared by Account Executive, reviewed by Finance Manager, and approved by CFO.</p> <p>ii) <u>Physical cash count was performed to verify the petty cash amount.</u></p> <p>Account Executive prepares the Cash Book and Petty Cash Ledger which will be then reviewed by the Finance Manager.</p> <p>Total petty cash float amounting to RM58,000 which assigned to Accounts Department and 4 Port Representatives.</p> <p>iii) <u>The Petty Cash Claim is within the allowable nature.</u></p> <p>Based on our review on the 15 samples selected, we noted the petty cash claims include sundry expenses, traveling claim and stationery expenses which are agreed by the management.</p>	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																																			
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Financial Management	4.1.5 Monitoring of Accounts Receivable	<p>Based on our review of the Debtors Ageing as of 31st October 2022, we noted for EATECH, outstanding collection that exceeded 60 days were approximately about 30.68% of total outstanding which amounted to RMI,904,272.</p> <p><u>EATECH</u></p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>16,841</td> <td>0.27%</td> </tr> <tr> <td>1 – 30 days</td> <td>4,076,264</td> <td>65.67%</td> </tr> <tr> <td>31 – 60 days</td> <td>210,000</td> <td>3.38%</td> </tr> <tr> <td>61 – 90 days</td> <td>334,896</td> <td>5.40%</td> </tr> <tr> <td>91 – 120 days</td> <td>231,650</td> <td>3.73%</td> </tr> <tr> <td>>150 days</td> <td>1,337,726</td> <td>21.55%</td> </tr> <tr> <td>TOTAL</td> <td>6,207,377</td> <td>100.00%</td> </tr> </tbody> </table> <p>The following debtors of EATECH have exceeded the credit terms of 60 days: -</p> <table border="1"> <thead> <tr> <th>Debtors</th> <th>(RM)</th> <th>Age Bracket</th> </tr> </thead> <tbody> <tr> <td>Berkat Petroleum Sdn Bhd</td> <td>586,799</td> <td rowspan="2">>150 Days</td> </tr> <tr> <td>Alfateh Engineering</td> <td>3,862</td> </tr> <tr> <td>Petra Energy Development Sdn Bhd</td> <td>99,385</td> <td></td> </tr> </tbody> </table>	Age Bracket	(RM)	%	Current	16,841	0.27%	1 – 30 days	4,076,264	65.67%	31 – 60 days	210,000	3.38%	61 – 90 days	334,896	5.40%	91 – 120 days	231,650	3.73%	>150 days	1,337,726	21.55%	TOTAL	6,207,377	100.00%	Debtors	(RM)	Age Bracket	Berkat Petroleum Sdn Bhd	586,799	>150 Days	Alfateh Engineering	3,862	Petra Energy Development Sdn Bhd	99,385		SI				<p>Management is recommended to:</p> <p>i) Document the action taken on the outstanding debtors in Call Log to ensure the effectiveness in monitoring.</p> <p>ii) To set credit limit for debtors upon having business transactions with the company.</p> <p>iii) To expand the age bracket categories beyond 150 days to include categorisation of outstanding debt above 1 year.</p>	<p>Commented by Management:</p> <p>a) Management is following-up on outstanding amount on monthly basis, through phone call and email.</p> <p>Besides, certain debtors have been issued with Letters of Demand and is in the midst of litigation process. Litigation matters are being handled by EATECH's Legal personnel.</p> <p>Effective immediately, Management had established Call Log to record all follow up action taken by Finance & Account on the outstanding debtors.</p>
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations		Effectiveness of Internal Control				Recommendations	Management Response																																						
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Financial Management	4.1.5 Monitoring of Accounts Receivable (Cont'd)	Aims-Global Holding Sdn Bhd	3,500					As above	b) Management will improve contract arrangement with potential charterers, amongst others to include credit limit. The credit limit amount shall be based on contract value. c) Management in the process of enhancing Aging Report by migrating to a new and better system, for better control and monitoring. Target Implementation Date: a) Completed on 9 th January 2023. b) Any new spot charter / new contract effective 1 st February 2023. c) 2 nd Quarter of 2023.																																						
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																																													
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Financial Management	4.1.5 Monitoring of Accounts Receivable (Cont'd)	<p>Follow Up Status as of 27th May 2024</p> <p>We have reviewed Debtors Ageing as of 31st March 2024 for EATECH, outstanding collection that exceeded 5 months were approximately about 28.20% of total outstanding but for LPP and JSE, outstanding collection that exceeded 5 months were approximately about 0.7% and 22.65% of total outstanding.</p> <p>EATECH</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>2,690,727</td> <td>44.30%</td> </tr> <tr> <td>1 – 3 Months</td> <td>1,669,996</td> <td>27.50%</td> </tr> <tr> <td>4 – 6 Months</td> <td>1,712,352</td> <td>28.20%</td> </tr> <tr> <td>TOTAL</td> <td>6,073,075</td> <td>100%</td> </tr> </tbody> </table> <p>LPP</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>2,852,513</td> <td>99.3%</td> </tr> <tr> <td>1 – 3 Months</td> <td>-</td> <td>-</td> </tr> <tr> <td>4 – 6 Months</td> <td>21,070</td> <td>0.7%</td> </tr> <tr> <td>TOTAL</td> <td>2,873,583</td> <td>100%</td> </tr> </tbody> </table> <p>JSE</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>-</td> <td>-</td> </tr> <tr> <td>1 – 3 Months</td> <td>296,423</td> <td>77.35%</td> </tr> <tr> <td>4 – 6 Months</td> <td>86,797</td> <td>22.65%</td> </tr> <tr> <td>TOTAL</td> <td>383,220</td> <td>100%</td> </tr> </tbody> </table>	Age Bracket	(RM)	%	Current	2,690,727	44.30%	1 – 3 Months	1,669,996	27.50%	4 – 6 Months	1,712,352	28.20%	TOTAL	6,073,075	100%	Age Bracket	(RM)	%	Current	2,852,513	99.3%	1 – 3 Months	-	-	4 – 6 Months	21,070	0.7%	TOTAL	2,873,583	100%	Age Bracket	(RM)	%	Current	-	-	1 – 3 Months	296,423	77.35%	4 – 6 Months	86,797	22.65%	TOTAL	383,220	100%	SI				As above	As above
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.5 Monitoring of Accounts Receivable (Cont'd)	<p><u>Follow Up Status as of 27th May 2024 (Cont'd)</u></p> <p>Management had established Call Log to record all follow up action taken by Finance & Account on the outstanding debtors.</p> <p>Further, EATECH have issued LOD to the following debtors:</p> <p><u>Berkat Petroleum Sdn Bhd</u> The LOD was unsuccessfully served due to Berkat had moved out and the place is occupied by someone else.</p> <p>Kindly refer Appendix VII.</p> <p><u>Surva Nautika Sdn Bhd</u> EATECH have issued a LOD, and both parties have entered into a Settlement Agreement.</p> <p>Kindly refer Appendix VIII and IX.</p>	SI				As above	As above



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																																																
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Financial Management	4.1.6 Monitoring of Accounts Payable	<p>Based on our review of the Creditors Ageing as of 31st October 2022, the outstanding creditor are as follow:-</p> <p>EATECH</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>936,440</td> <td>1.29%</td> </tr> <tr> <td>1 – 30 days</td> <td>3,067,755</td> <td>4.22%</td> </tr> <tr> <td>31 – 60 days</td> <td>4,293,021</td> <td>5.91%</td> </tr> <tr> <td>61 – 90 days</td> <td>2,092,367</td> <td>2.88%</td> </tr> <tr> <td>91 – 120 days</td> <td>411,510</td> <td>0.57%</td> </tr> <tr> <td>>150 days</td> <td>61,885,518</td> <td>85.14%</td> </tr> <tr> <td>TOTAL</td> <td>72,686,611</td> <td>100%</td> </tr> </tbody> </table> <p>JSE</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>104,500</td> <td>1.83%</td> </tr> <tr> <td>1 – 30 days</td> <td>525,069</td> <td>9.19%</td> </tr> <tr> <td>31 – 60 days</td> <td>411,159</td> <td>7.20%</td> </tr> <tr> <td>61 – 90 days</td> <td>223,481</td> <td>3.91%</td> </tr> <tr> <td>91 – 120 days</td> <td>275,692</td> <td>4.83%</td> </tr> <tr> <td>>150 days</td> <td>4,172,482</td> <td>73.04%</td> </tr> <tr> <td>TOTAL</td> <td>5,712,383</td> <td>100%</td> </tr> </tbody> </table>	Age Bracket	(RM)	%	Current	936,440	1.29%	1 – 30 days	3,067,755	4.22%	31 – 60 days	4,293,021	5.91%	61 – 90 days	2,092,367	2.88%	91 – 120 days	411,510	0.57%	>150 days	61,885,518	85.14%	TOTAL	72,686,611	100%	Age Bracket	(RM)	%	Current	104,500	1.83%	1 – 30 days	525,069	9.19%	31 – 60 days	411,159	7.20%	61 – 90 days	223,481	3.91%	91 – 120 days	275,692	4.83%	>150 days	4,172,482	73.04%	TOTAL	5,712,383	100%	SI				<p>Management is recommended to take proactive action to ensure that there are no creditors that are more than 2 years and if there are any, to record and lodge to the Registrar.</p>	<p>by Commented: EATECH</p> <p>On 28 February 2022, EATECH has been granted a Restraining Order by High Court, thus all payable prior to 31 January 2022 has been put on hold until completion of Scheme of Arrangement (“SOA”) exercise.</p> <p>All payables effective 1st February 2022 has been regularised.</p> <p>JSE</p> <p>JSE is one of Scheme Creditors under EATECH Restraining Order. EATECH had established Settlement Agreement with certain JSE’s creditors due to cashflow constraint.</p>
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																							
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Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>LPP</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>-</td> <td>-</td> </tr> <tr> <td>1 – 30 days</td> <td>106,600</td> <td>37.79%</td> </tr> <tr> <td>31 – 60 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>61 – 90 days</td> <td>175,491</td> <td>62.21%</td> </tr> <tr> <td>91 – 120 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>>150 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>TOTAL</td> <td>282,091</td> <td>100%</td> </tr> </tbody> </table> <p>As stated in Unclaimed Money Act 1965 “Moneys to the credit of a trade account that has remained dormant for a period of not less than two years e.g, trade creditors”.</p> <p>This unclaimed money from the trade creditors is required to be recorded and lodged with the Registrar each year.</p> <p>Companies that failed to comply to this may face a fine up to RM20,000 and a subsequent fine not exceeding RM1,000 for each day the offence continues. Nonetheless, there is yet to be any enforcement of this Unclaimed Money Act 1965.</p>	Age Bracket	(RM)	%	Current	-	-	1 – 30 days	106,600	37.79%	31 – 60 days	-	-	61 – 90 days	175,491	62.21%	91 – 120 days	-	-	>150 days	-	-	TOTAL	282,091	100%	SI			As above	<p>LPP The payable amount is back-to-back arrangement with Charterer. Management is in the process of resolving this matter.</p> <p>Target Implementation Date: EATECH On-going.</p> <p>SOA: 18 months from Court Sanction date of 4th January 2022.</p> <p>JSE On-going.</p> <p>LPP 2nd Quarter, 2023.</p>
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response																										
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Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>Based on our review on the Order of Sanction granted by the High Court between E.A. Technique (M) Berhad and Global Marine & Offshore Sdn Bhd; and Karina Shipping Ltd, JSE (Johor Shipyard and Engineering Sdn Bhd) and LPP (Libra Perflex Percision Sdn Bhd) has been listed as part of the scheme creditors.</p> <p>Within the Sanction, the explanatory statement dated 11th November 2022 noted that the Group is undertaking the following programmes to accumulate the funds:</p> <p>i) Asset Disposal Programme</p> <p>The Asset Divestment Program has been commenced and on-going for the Group. It involves the sale of identified vessels over the next 12 months from Lodgement Date (3rd December 2022).</p> <p>The following vessels has been executed the agreement for sale:</p> <table border="1"> <thead> <tr> <th rowspan="2">Date</th> <th rowspan="2">Vessel</th> <th colspan="2">Amount</th> </tr> <tr> <th>USD'mil</th> <th>RM'mil</th> </tr> </thead> <tbody> <tr> <td>2nd April 2022</td> <td>M.T. Nautica Batu Pahat</td> <td>3.1</td> <td>13.59</td> </tr> <tr> <td>10th May 2022</td> <td>M.T. Nautica Renggam</td> <td>5.05</td> <td>21.87</td> </tr> <tr> <td>20th June 2022</td> <td>M.T. Nautica Kota Tinggi</td> <td>4.65</td> <td>21.61</td> </tr> <tr> <td>19th September 2022</td> <td>M.T. Nautica Maharani</td> <td>4.2</td> <td>19.46</td> </tr> <tr> <td colspan="2">Total</td> <td>17</td> <td>76.53</td> </tr> </tbody> </table> <p>*M.T. Nautica Muar is still in negotiation and pursuing buyers.</p>	Date	Vessel	Amount		USD'mil	RM'mil	2nd April 2022	M.T. Nautica Batu Pahat	3.1	13.59	10th May 2022	M.T. Nautica Renggam	5.05	21.87	20th June 2022	M.T. Nautica Kota Tinggi	4.65	21.61	19th September 2022	M.T. Nautica Maharani	4.2	19.46	Total		17	76.53	SI			As above	As above
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>ii) Fund-Raising Exercise</p> <p>The Fund-Raising Exercise will be carried out as part of Group's regularisation plan to be submitted to Bursa Securities pursuant to PN17. Group is expected to take no more than 18 months from the Lodgement Date to procure relevant requisite approvals from Bursa Securities and its shareholders in order to carry out and complete the Fund-Raising Exercise as part of its regularisation plan.</p> <p>According to the Sanction, the estimated funds to be raised in total from Asset Disposal Programme and Fund-Raising Exercise is RM155.8 million.</p> <p>Below is the status of Scheme of Arrangement (SOA) exercise for EATECH:-</p> <p>i) Asset Divestment Program of 5 vessels – the divestment of Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi and Nautica Maharini have been completed. As for Nautica Muar, EATECH is in the midst of negotiating the terms of disposal and envisages expected to complete in Q3, 2023.</p>	SI			As above	As above	



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>On 27 June 2023, the Company had entered into a Memorandum of Agreement with Portland Vessels Ltd for the proposed disposal of a marine vessel, namely Nautica Muar, for a cash consideration of USD6.045 million or approximately RM27.89 million (“Proposed Disposal”).</p> <p>On 2 August 2023, the Company had issued its Circular to shareholders in respect of the Proposed Disposal.</p> <p>On 17 August 2023, the Company had obtained its shareholders’ approval for the Proposed Disposal at an extraordinary general meeting.</p> <p>ii) Status of the Fund-Raising Exercise still ongoing in getting approval from Bursa Securities, subsequently shareholders’ approval. Timeline completion, tentatively in October 2023.</p> <p>We noted that the payment to scheme creditors would be within 18 months from the Lodgement Date, 12th January 2023.</p>	SI				As above	As above



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>Based on our review on the consent judgement between JSE and Sumer Shipyard and Engineering Sdn. Bhd., we noted both parties have agreed with the following terms:-</p> <p>i) Defendant will pay to the Plaintiff the sum of RM1,665,151.75, for the outstanding labor supply, in eight (8) installments every month starting from May 2023.</p> <p>ii) Defendant will pay to the Plaintiff the total amount of RM907,725.00 of which the payments are for the outstanding monthly rental of RM404,250.00 (from January 2021 – December 2022) together with the current monthly rental of RM503,475.00 according to the date and month each ("current monthly rental"), in a total of twenty-four (24) payments installments starting from January 2023.</p> <p>iii) If the Defendant fails and/or defaults in paying any installment such as stated in paragraphs (1) and (2) above, then the remaining amount to be paid together with interest at the rate of 5% from the date of judgment shall paid immediately and the Plaintiff is given the right to enforce and claim the outstanding immediately.</p>	SI				As above	As above



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																																																
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Financial Management	4.1.6 Monitoring of Accounts Payable (Cont'd)	<p>Follow Up Status as of 27th May 2024</p> <p>The status of outstanding creditors as of 31st March 2024 is as follow:-</p> <p>EATECH</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>1,708,387</td> <td>3.06</td> </tr> <tr> <td>1 – 30 days</td> <td>595,250</td> <td>1.07</td> </tr> <tr> <td>31 – 60 days</td> <td>2,144,206</td> <td>3.85</td> </tr> <tr> <td>61 – 90 days</td> <td>575,393</td> <td>1.03</td> </tr> <tr> <td>91 – 120 days</td> <td>1,581,181</td> <td>2.84</td> </tr> <tr> <td>>150 days</td> <td>49,138,439</td> <td>88.15</td> </tr> <tr> <td>TOTAL</td> <td>55,742,856</td> <td>100%</td> </tr> </tbody> </table> <p>We noted the outstanding creditor balances that exceeded 150 days were approximately about 88.15% of total outstanding.</p> <p>JSE</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>18,568</td> <td>0.95</td> </tr> <tr> <td>1 – 30 days</td> <td>20,241</td> <td>1.04</td> </tr> <tr> <td>31 – 60 days</td> <td>22,665</td> <td>1.17</td> </tr> <tr> <td>61 – 90 days</td> <td>19,387</td> <td>1.00</td> </tr> <tr> <td>91 – 120 days</td> <td>18,375</td> <td>0.95</td> </tr> <tr> <td>>150 days</td> <td>1,845,200</td> <td>94.90</td> </tr> <tr> <td>TOTAL</td> <td>1,944,436</td> <td>100%</td> </tr> </tbody> </table> <p>The outstanding creditor balances that exceeded 150 days were approximately about 94.90% of total outstanding.</p>	Age Bracket	(RM)	%	Current	1,708,387	3.06	1 – 30 days	595,250	1.07	31 – 60 days	2,144,206	3.85	61 – 90 days	575,393	1.03	91 – 120 days	1,581,181	2.84	>150 days	49,138,439	88.15	TOTAL	55,742,856	100%	Age Bracket	(RM)	%	Current	18,568	0.95	1 – 30 days	20,241	1.04	31 – 60 days	22,665	1.17	61 – 90 days	19,387	1.00	91 – 120 days	18,375	0.95	>150 days	1,845,200	94.90	TOTAL	1,944,436	100%	SI				As above	As above
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SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.7 Bank Reconciliation	<p>Based on our review on Bank Reconciliation from January 2022 to December 2022, we noted the Bank Reconciliations were prepared by the Finance Manager upon compiling the bank statements of EATECH, JSE and LPP on monthly basis.</p> <p>Then, it will be forwarded to the Finance Manager and CFO to review and signed off the reconciliation.</p> <p>We noted that new cheque signatories for EATECH, JSE and LPP have been reviewed by Head of Corporate Finance and approved by the CFO in 2022.</p> <p>Besides, we have not noted any unrepresented cheque which were more than 6 months.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.8 CAPEX Maintenance, Budgeting and Forecasting	Based on our review, we noted that there was documented CAPEX Maintenance, Budgeting and Forecasting on annual basis. All the acquisition of CAPEX were based on approval basis. Budgeting and Forecasting will allow the Group to avoid any cost overrun with regards to the CAPEX. As is it a substantial investment of cash designed to show a return on the capital investment over the period of years. No issues to be highlighted.	E				--	--
	4.1.9 CAPEX Voucher Preparation and Approval	We noted the Group currently practice of using a Requisition by system which will be then approved as per limit set in LOA prior to issuing a PO and Voucher. No issues to be highlighted.	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.10 Acquisition and Disposal of Fixed Asset	<p>Based on our observations, following are the procedures for procurement of assets: -</p> <ul style="list-style-type: none"> i) Raised Purchase Requisition and forwarded to the Procurement Department. ii) The Purchase Executive reviewed the information of the Requisition and forward to CFO for approval. iii) Upon approval from the CFO, the Purchase Executive prepared the PO. iv) The Procurement Manager approved on the PO and forwarded to the supplier. v) Upon receiving the materials, finance department acknowledged on the DO and forwarded to the Procurement Department. vi) The Purchase Executive compiled the PO, DO and Supplier's Invoice to be forwarded to the Finance Department. vii) Upon receiving the set of documents from Procurement Department, the Account Executive prepared a Payment Voucher which approved by the CFO. 	E				--	--



SECTION 4.1 – FINANCE DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Financial Management	4.1.10 Acquisition and Disposal of Fixed Asset (Cont'd)	<p>viii) Next, it will then be recorded in the accounting software by the Account Executive.</p> <p>ix) Lastly, the information will be uploaded in the banking system for the Director to approve for payment.</p> <p>Following is the process for disposal of assets: -</p> <p>i) Management will raise up on the assets that needs to be disposed based on the years and condition of the assets.</p> <p>ii) Finance Manager prepares the disposal/write off notes and it will be then forwarded to the CFO for approval.</p> <p>iii) Upon approval of the CFO, the Finance Manager updates the Fixed Asset Register and updates in the accounting software as well.</p>	E				As above	As above
	4.1.11 Review of LOA	<p>Based on our review, we noted there was a standard practice of document preparation, reviewing and approval process have been carried out by the Management.</p> <p>Further, Management established a LOA for sales, procurement, CAPEX, operating expenses, and other related functions to ensure the relevance of the amount and approving authority is acceptable and it was endorsed by the Board.</p>	E				--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.1 Review of Procurement Standard Operating Procedure	<p>Based on our review, we noted there were documented SOP of Procurement Policies and Procedures.</p> <p>We noted the following sub-procedures in Procurement process: -</p> <ul style="list-style-type: none"> i) Procurement Processes. ii) Receiving of purchased items. iii) Prequalification of supplier/subcontractor. iv) Annual assessment of existing supplier/subcontractor. v) Monitoring of Open and cancelled PO. <p>The abovementioned Procurement procedures were endorsed by the Group Board on 15th September 2020.</p> <p>The revision history tabulated in the Procurement SOP.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.2 Prequalification Assessment of New Suppliers	<p>Based on Procurement SOP Section 6.1 “Registration of New Vendor” of the Integrated Management System – IMS-L2-PRO7, it states that: -</p> <p>i) All new vendors must be registered into the Approved Vendor Master List.</p> <p>ii) Procurement Staff must ensure that vendor return the form together with the following documents for verification purposes: -</p> <ul style="list-style-type: none"> - Latest Audited Account or Management Account - SSM Annual Return - Form 9 - Form 24 - Form 49 <p>iii) Once received from vendor, procurement staff must check and verify the submitted form and send it to the Senior Executive Procurement for further checking before approval by Head of Procurement & Contract Management.</p> <p>Based on the above process, we noted that there is an absence of pre-assessment/qualification of the suppliers being performed. The difference between vendor registration and pre-assessment is as per the following: -</p>	SI				<p>Management is recommended to perform the prequalification assessment prior to selecting any new suppliers.</p> <p>All new suppliers are required to submit the following document for Procurement Department assessment:-</p> <p>i) Company profile including details of ownership, nature of business and past projects / previous clients.</p> <p>ii) Bank statement to indicates bank account belongs to the company itself.</p> <p>iii) SSM records on registration, directorship, financial performance etc.</p>	<p>Commented by Management:</p> <p>Management took note of the pre-assessment qualification for new suppliers. Effective January 2023, all new suppliers are required to submit the following document for Procurement Department assessment, amongst others:</p> <p>a) Company profile including details of ownership, nature of business and past projects / previous clients.</p> <p>b) Bank statement to indicates bank account belongs to the company itself.</p> <p>c) SSM records on registration, directorship, financial performance etc.</p>



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations		Effectiveness of Internal Control			Recommendations	Management Response
		Vendor Registration	Pre-qualification of Vendor	E	SI	MI		
Procurement and Contract Management	4.2.2 Prequalification Assessment of New Suppliers (Cont'd)	Process of adding a company to an organization's list of approved suppliers.	Process of evaluating a potential supplier to determine whether they meet certain criteria or requirements before they are allowed to do business with the organization		SI		As above	Target Implementation Date: 1 st Quarter of 2023
		<p>Follow Up Status as of 27th May 2024</p> <p>Below are the new suppliers that have been assessed in 2024:-</p> <ul style="list-style-type: none"> i) Wha Oil And Gas Sdn Bhd ii) Nautical Control Solutions Se Asia Sdn Bhd iii) Samudera Penteng Sdn Bhd iv) Flowture Solutions v) Ascenz Marorka Pte Ltd <p>We noted the following pre-qualification documents have been submitted for verification purposes:-</p> <ul style="list-style-type: none"> i) Latest Audited Account or Management Account ii) SSM Annual Return iii) Form 9, Form 24, Form 49 iv) Bank Statement and Company profile 		E			--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.3 Annual Supplier's Evaluation	<p>Based on Section 6.2 "Vendor Performance Evaluation" of the Integrated Management System – IMS-L2-PR07 states that: -</p> <ul style="list-style-type: none"> i) Each approved vendor shall be evaluated at least twice a year. ii) Evaluation method on the Vendor shall be either. <ul style="list-style-type: none"> i. Product given, or ii. Service report, or iii. Site Visit to the vendor's workplace iii) The compiled result will be present to the Top Management during the Management meeting. <p>However, based on our review. We noted the following inconsistency: -</p> <ul style="list-style-type: none"> i) <u>Vendor Evaluation Performed on an annual basis.</u> ii) <u>Inadequate evaluation of the vendor.</u> <p>The actual practice noted that the vendor evaluation was only performed once a year.</p> <p>Based on our review and interview, we noted that the vendor evaluation form has the same scoring for all the approved vendors.</p>	SI				<p>Management is recommended to improve the following process to ensure there is consistency:</p> <ul style="list-style-type: none"> i) Vendor Evaluation to be performed twice a year. ii) Scoring for the Vendor to be evaluated properly. iii) Compiled result of vendor evaluation to be presented to the Top Management. 	<p>Commented by Management:</p> <p>For year 2022, Procurement had issued Vendor Evaluation Form to Technical personnel on 3rd week of December 2022.</p> <p>The Vendor Evaluation Form issued using a new template and new evaluation criteria, to enhance transparency and effectiveness of the evaluation. Currently, Procurement is compiling the Evaluation for year 2022 and will present to Management by 13th January 2023.</p> <p>Effective January 2023, Procurement will execute Vendor Performance Evaluation twice a year i.e. by end of June 2023 and end of December 2023.</p>



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.3 Annual Supplier's Evaluation (Cont'd)	<p>iii) <u>The Compiled Result of the Evaluation is not being presented to the Top Management.</u></p> <p>The result of the evaluation is not being presented to the Top Management which is supposed to revised the Vendor Master List either to maintain as a vendor or being removed.</p>	SI				As above.	<p>Subsequently, the result will be compiled, tabulated, and presented to Management. The result on Vendor Performance Evaluation shall be utilised to ascertain on vendor's position in EATECH Approved Vendor List, i.e. remain as it is, or, to provide probation period, or, to blacklist and exclude from the List.</p> <p>Target Implementation Date:</p> <p>Vendor Evaluation for the year 2022 submitted to the Management on 13th January 2023.</p> <p>Vendor Evaluation for the year 2023 to be commence from 2nd Quarter of 2023.</p>



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response															
			E	SI	MI	W																	
Procurement and Contract Management	4.2.3 Annual Supplier's Evaluation (Cont'd)	<p>Follow Up Status as of 27th May 2024</p> <p>Based on the information provided by client, the Performance Evaluation of the vendors was evaluated in December 2023. The evaluation for 172 vendors is tabulated as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>No.</th> <th>Percentage (%)</th> <th>No. of Vendor</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>90-100 (45%)</td> <td>79</td> </tr> <tr> <td>2</td> <td>80-89 (38%)</td> <td>66</td> </tr> <tr> <td>3</td> <td>70-79 (17%)</td> <td>27</td> </tr> <tr> <td>TOTAL</td> <td></td> <td>172</td> </tr> </tbody> </table> <p>Kindly refer Appendix X for further details.</p> <p>No issues to be highlighted.</p>	No.	Percentage (%)	No. of Vendor	1	90-100 (45%)	79	2	80-89 (38%)	66	3	70-79 (17%)	27	TOTAL		172	E				--	--
No.	Percentage (%)	No. of Vendor																					
1	90-100 (45%)	79																					
2	80-89 (38%)	66																					
3	70-79 (17%)	27																					
TOTAL		172																					



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.4 Payment Testing	<p>Based on our review of the payment testing and documents, we noted the following process: -</p> <ul style="list-style-type: none"> i) Requestors need to submit their approved requisition form to PS for the purchasing to proceed. ii) Each multiple sourcing needs to be justified and approved by Superintendent and Head of PCM. iii) PS shall obtain quotation from multiple Vendor. iv) Upon receiving the quotation from Vendor, PS shall make comparison on the following items: <ul style="list-style-type: none"> - Item price - Payment terms - Estimated delivery time - Previous performance evaluation v) After the comparison table is completed, it needs to be reviewed by Senior Executive Purchasing prior submission for approval by requestor HOD, Head of PCM and Fleet Operations Senior Manager (“FOSM”). vi) All approval should be completed within 3 working days from the date of submission by Senior Executive Purchasing. 	E				--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response
			E	SI	MI		
Procurement and Contract Management	4.2.4 Payment Testing (Cont'd)	<p>vii) Once the PO is approved, PS shall send it to the Vendor.</p> <p>viii) Upon completion of the service/goods delivery. The service report/invoice is forwarded to the Finance Department for payment processing.</p> <p>ix) The Finance Executive prepares the PV upon performing three ways matching of the DO, PO, and Invoice and obtain approval based on the Limit of Authority.</p> <p>x) Upon approval of the PV, the Finance Executive prepares the cheque and forward to the respective Bank Signatories and courier/inform the supplier to retrieve the cheque.</p> <p>No issues to be highlighted.</p>	E			--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.5 Monitoring of Open PO	<p>Based on our review, we noted that there is a monitoring system being established to ensure the tracking of the Purchase Requisition until the payment.</p> <p>The monitoring details consist of the following:</p> <ul style="list-style-type: none"> i) PR. Number ii) Date Requested iii) Vessel iv) Priority v) PR Approved by vi) PR Status vii) PO Status viii) PO Date ix) PO No. x) Invoice Status xi) Delivery Status xii) Payment Status xiii) PV No. <p>Any pending for each of the documents will perform a follow-up with the respective departments. The current team performed cleanup of the previous open PO and currently no open PO that are more than 3 months.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.2 – PROCUREMENT AND CONTRACT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Procurement and Contract Management	4.2.6 Review of Contract Agreement	<p>Based on our review, we noted that there are 27 type of contracts segregated by the type of vessels: -</p> <ul style="list-style-type: none"> i) Product Tankers ii) Floating Storage Unit/Offloading iii) Offshore Support Vessels iv) Port Operations <p>We noted that the contract agreement of M.T Nautica Muar “Time Charter Party between E.A Technique and MTC Engineering Sdn Bhd of One (1) Unit of Storage Tanker” has expired in January 2021.</p> <p>Upon our clarification, the contract has ended and will be looking for a new contract for the vessel.</p> <p>All the contracts are duly signed and stamped accordingly. In total, the contracts sum is RM 576,186,423.</p> <p>No issue to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resources Management	4.3.1 Review of Human Resources Policies and Procedures	<p>Based on our review, we noted there were documented SOP of Human Resource Policies and Procedures.</p> <p>We noted the following sub-procedures in Human Resource process: -</p> <ul style="list-style-type: none"> i) Manpower planning, requisition, and approval. ii) Recruitment Process. iii) Probation and Confirmation Process. iv) Resignation and Termination Process. v) Disciplinary Actions. vi) Employee Leave Application. vii) Monthly Payroll and Salary Computation. viii) Staff Performance Evaluation and Succession Planning. <p>The abovementioned procedures were revised by the Management in December 2022.</p> <p>The revision history tabulated in the Human Resources SOP.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resources Management	4.3.2 Review of Whistle-Blowing Policies and Procedures	<p>Based on our review, we noted the Management had established the Whistle-Blowing Policies and Procedures.</p> <p>Whistleblowing is an act when a person passes on information concerning wrongdoing, corruption, or sexual harassment that the employee encounter. Subsequently, a proper channel needs to be established for the whistle blower to pass the information.</p> <p>Hence, a Whistle-Blowing Policies acts as an early warning system and may enable the company to remedy any wrongdoings before serious damage is caused.</p> <p>The purpose of the Whistle Blowing Policies is to provide a formal, confidential channel to enable Employees to report in good faith, serious concerns of any improper conduct and/or wrongdoing that could adversely impact the Group or its subsidiaries, its employees, shareholders, or the public image at large without fear of being subject to detrimental actions.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																			
			E	SI	MI	W																					
Human Resource Department	4.3.3 Employment Documentation	<p>We have reviewed 15 Employee Personnel Files and noted that there was a Personal File Checklist.</p> <p>We have noted the following inconsistencies: -</p> <p>i) <u>Incomplete Documentation in the Employee Personal File</u></p> <p>We have performed testing of the Personal File Checklist against the 15 Employee Personal File and noted the following: -</p> <table border="1" data-bbox="874 1075 1321 1518"> <thead> <tr> <th>Document</th> <th>No. of Omission</th> </tr> </thead> <tbody> <tr> <td>Pre-Employment Medical Check Up</td> <td>2 out of 15</td> </tr> <tr> <td>Photo</td> <td>11 out of 15</td> </tr> <tr> <td>Photocopy of IC</td> <td>7 out of 15</td> </tr> <tr> <td>Copy of Academic Certificates</td> <td>3 out of 15</td> </tr> <tr> <td>Confidential Undertaking of Company Information</td> <td>14 out of 15</td> </tr> <tr> <td>Code of Business Ethics (Declaration)</td> <td>6 out of 15</td> </tr> <tr> <td>IT Policy</td> <td>15 out of 15</td> </tr> <tr> <td>New Employee on the Job Checklist</td> <td>12 out of 15</td> </tr> <tr> <td>Asset Handover Form</td> <td>4 out of 15</td> </tr> </tbody> </table>	Document	No. of Omission	Pre-Employment Medical Check Up	2 out of 15	Photo	11 out of 15	Photocopy of IC	7 out of 15	Copy of Academic Certificates	3 out of 15	Confidential Undertaking of Company Information	14 out of 15	Code of Business Ethics (Declaration)	6 out of 15	IT Policy	15 out of 15	New Employee on the Job Checklist	12 out of 15	Asset Handover Form	4 out of 15	SI			<p>Management is recommended to implement an up to date the Personal File Checklist and ensure that it is being applied to all the Employee Personal Files.</p>	<p>Commented by Management:</p> <p>a) Effective immediately, HR had updated Personal File Checklist (the "Checklist") and implement it for Personal File of active staff. All the documents stated in the Checklist were filed accordingly in staff Personal File.</p> <p>b) In future, the Assistant Manager of HR will perform surprise check on active staff Personal File on biannual basis, to ascertain compliance and consistency of the Checklist.</p>
Document	No. of Omission																										
Pre-Employment Medical Check Up	2 out of 15																										
Photo	11 out of 15																										
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Copy of Academic Certificates	3 out of 15																										
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SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.3 Employment Documentation (Cont'd)	<p>ii) <u>Absence of Personal File Checklist in the Personal File</u> Based on our review, we noted that the Personal File Checklist was not available for all the personal files. Hence, there might be an omission of documents which are not readily available as per the abovementioned.</p>	SI				As above	<p>Target Implementation Date: a) Completed on 5th January 2023. b) On-going.</p>
		<p>iii) <u>Inefficient Document Management</u> Documents are not properly organized and segmented, which increases the risk of documents being misplaced.</p>						
		<p><u>Follow Up Status as of 27th May 2024</u> We have reviewed 15 samples of personal file and noted all the documents stated in the Checklist were filed accordingly in staff Personal File. No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.4 Recruitment Process	<p>We have reviewed the recruitment of the employees for EA Tech and noted the following process: -</p> <p>i) Any request for new employee will be filled up by the admin using the Manpower Requisition Form upon recommendation from the requesting HOD.</p> <p>ii) The Manpower Requisition Form will be forwarded to the HR Department for further processing and verified by the HR Manager and approved by the CFO/CEO.</p> <p>iii) Upon approval, the HR Department advertise the job opening and review the applications.</p> <p>iv) Based on the application, the HR Department shortlisted the candidates based on the job roles required by the requesting HOD.</p> <p>v) The potential candidates are called for an interview and the requesting HOD will indicate his comments on the Interview Evaluation Form.</p> <p>vi) Based on the requesting HOD comments, he will either recommend proceeding for hiring or reject.</p> <p>vii) Upon approval for hiring, the Offer Letter is prepared by HR Admin and approved by the HR Manager/CEO and forwarded to the successful employee for acceptance.</p>	SI				<p>Management is recommended to document the following forms for the recruitment process: -</p> <p>i) Manpower Requisition Form</p> <p>ii) Interview Evaluation Form</p> <p>iii) Induction Training for Newly Joined Employee</p> <p>The induction processes are vital in the recruitment process to ensure that the recruitment process has been followed through with proper authorization and to ensure that preliminary induction has been given for the employees to familiarize with the company's procedures.</p>	<p>Commented by Management:</p> <p>HR had retrieved and updated relevant documents for recruitment process for all newly recruited staff in year 2022.</p> <p>Target Implementation Date:</p> <p>Completed on 5th January 2023.</p>



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response												
			E	SI	MI	W														
Human Resource Department	4.3.4 Recruitment Process (Cont'd)	<p>Based on the above process, we noted the following issues: -</p> <p>i) Absence of Manpower Requisition Form</p> <p>Based on our review, we noted 3 out of 15 recruitments were without Manpower Requisition Form which are: -</p> <table border="1" data-bbox="742 1075 1085 1523"> <thead> <tr> <th>Employment no.</th> <th>Position</th> <th>Date Joined</th> </tr> </thead> <tbody> <tr> <td>AD286</td> <td>Office Administrator / Secretary</td> <td>21.03.2022</td> </tr> <tr> <td>AD300</td> <td>Senior Manager, Fleet Operations</td> <td>1.04.2022</td> </tr> <tr> <td>AD301</td> <td>Senior Executive, Account</td> <td>7.03.2022</td> </tr> </tbody> </table> <p>ii) Absence of Interview Evaluation Form</p> <p>Based on our review, we noted 4 out of 15 recruitments were without Interview Evaluation Form which are: -</p>	Employment no.	Position	Date Joined	AD286	Office Administrator / Secretary	21.03.2022	AD300	Senior Manager, Fleet Operations	1.04.2022	AD301	Senior Executive, Account	7.03.2022	SI				As above	As above
Employment no.	Position	Date Joined																		
AD286	Office Administrator / Secretary	21.03.2022																		
AD300	Senior Manager, Fleet Operations	1.04.2022																		
AD301	Senior Executive, Account	7.03.2022																		



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations				Effectiveness of Internal Control				Recommendations	Management Response
		Employment no.	Position	Date Joined		E	SI	MI	W		
Human Resource Department	4.3.4 Recruitment Process (Cont'd)	AD286	Office Administrator / Secretary	21.03.2022						As above	As above
		AD300	Senior Manager, Fleet Operations	1.04.2022							
		AD301	Senior Executive, Account	7.03.2022							
		AD308	Clerk, Accounts	29.06.2022							
		iii) Absence of Induction Training for Newly Joined Employees. Based on our review of the process, we noted that there is an absence of induction training for the newly joined employees.									
Follow Up Status as of 27th May 2024 We have reviewed 15 samples of Staff Personal File and noted Manpower Requisition Form, Interview Evaluation Form, and Induction Training for Newly Joined Employee filed in Staff Personal File. No issues to be highlighted.											



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.5 Resignation and Termination Process	<p>Based on our review, we noted the following process for resignation which are: -</p> <ul style="list-style-type: none"> i) The employee forwarded a resignation letter and forwarded it to the HR or respective HOD. ii) Upon receiving the resignation letter, the HR Department processed it by calculating the remaining leaves and last of the employees based on the contract. iii) Next, an acceptance of resignation letter is prepared and approved by the HR Manager and forwarded to the resigning employee to notify on the last day. iv) During the notice period, the resigning employee must perform a leaver checklist which consist of the: - <ul style="list-style-type: none"> a. Handover Form b. Exit Interview Form v) These leaver's checklists are required to be checked and approved by the respective HOD and HR Admin prior to releasing the employee. <p>The following issues inconsistencies were noted based on the above process: -</p> <ul style="list-style-type: none"> i) <u>Absence of Leaver's Checklist and Exit Interview Form</u> 	SI				<p>Management is recommended to document the following forms for the resignation process: -</p> <ul style="list-style-type: none"> i) Leaver Checklist ii) Exit Interview Form iii) Handover Form <p>The Handover Form is crucial to ensure that the company's asset has been returned to, any amount due from the employees to the company has been settled and remaining work had been handover to the proper personnel.</p>	<p>Commented by Management:</p> <ul style="list-style-type: none"> a) HR had retrieved relevant documents for resignation and termination process for all resigned staff in year 2022. HR took note on the unavailability of certain documents due to inconsistency in practice. b) Starting 2023, HR will ensure that the relevant documents were completed and filed properly prior to employee leave the office premise. <p>Target Implementation Date:</p> <ul style="list-style-type: none"> a) Completed on 5th January 2023. b) On-going.



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																	
			E	SI	MI	W																			
Human Resource Department	4.3.5 Resignation and Termination Process (Cont'd)	4 out of 15 resignations were without leaver's checklist and exit interview form which are: -	SI			As above	As above																		
		<table border="1"> <thead> <tr> <th>Staff Number</th> <th>Position</th> <th>Date Resigned</th> </tr> </thead> <tbody> <tr> <td>AD277</td> <td>Driver to Chief Operating Officer</td> <td>31.08.2022</td> </tr> <tr> <td>AD294</td> <td>Senior Account</td> <td>1.3.2022</td> </tr> <tr> <td>AD296</td> <td>Clerk, Manning</td> <td>31.08.2022</td> </tr> <tr> <td>AD309</td> <td>Superintendent Marine</td> <td>12.09.2022</td> </tr> </tbody> </table>						Staff Number	Position	Date Resigned	AD277	Driver to Chief Operating Officer	31.08.2022	AD294	Senior Account	1.3.2022	AD296	Clerk, Manning	31.08.2022	AD309	Superintendent Marine	12.09.2022			
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		<p>ii) Absence of Handover's Form</p> <p>5 out of 15 resignations were without handover's form which are: -</p> <table border="1"> <thead> <tr> <th>Staff Number</th> <th>Position</th> <th>Date Resigned</th> </tr> </thead> <tbody> <tr> <td>AD239</td> <td>Executive, Internal Audit</td> <td>31.05.2022</td> </tr> <tr> <td>AD277</td> <td>Driver to Chief Operating Officer</td> <td>31.08.2022</td> </tr> <tr> <td>AD294</td> <td>Senior Executive Account</td> <td>1.3.2022</td> </tr> <tr> <td>AD296</td> <td>Clerk, Manning</td> <td>31.08.2022</td> </tr> <tr> <td>AD309</td> <td>Superintendent Marine</td> <td>12.09.2022</td> </tr> </tbody> </table>	Staff Number	Position	Date Resigned	AD239	Executive, Internal Audit	31.05.2022	AD277	Driver to Chief Operating Officer	31.08.2022	AD294	Senior Executive Account	1.3.2022	AD296	Clerk, Manning	31.08.2022	AD309	Superintendent Marine	12.09.2022					
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AD309	Superintendent Marine	12.09.2022																							
		<p>Follow Up Status as of 27th May 2024</p> <p>We have reviewed 15 samples of Staff Personal File and noted Leaver Checklist, Exit Interview Evaluation Form, and Handover Form have been filed.</p>	E			--	--																		



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.6 Manpower Planning and Budget	<p>Based on our review, we noted that the Company does not practice manpower planning and budget. Thus, are susceptible to the following risk: -</p> <p>i) Lack of visibility into future staffing needs: Without proper manpower planning, the organization may not have a clear understanding of its future staffing needs, which can lead to problems with understaffing or overstaffing.</p> <p>ii) Inefficient use of resources: Without proper planning, the organization may find itself with too many employees in some areas and not enough in others, leading to an inefficient use of resources.</p> <p>iii) Difficulty attracting and retaining top talent: If the organization does not have a clear plan for its staffing needs, it may struggle to attract and retain top talent, as potential employees may not be confident in the stability and direction of the organization.</p> <p>iv) Increased costs: Without proper budgeting for staffing, the organization may experience unexpected or unbudgeted costs due to last-minute hiring or overstaffing.</p>	SI				<p>Management is recommended to establish and perform the manpower planning and budget to assist the Top Management in making decisions in terms of manpower and cashflow.</p> <p>Comprehensive manpower planning and budgeting process is recommended to ensure that the company has a clear understanding of its future staffing needs and has the resources in place to meet those needs in a cost-effective manner.</p>	<p>Commented by Management:</p> <p>Management has performed manpower planning against budget requirement, but not in formalise manner.</p> <p>Currently, Management is the midst of establishing a proper Manpower Planning and documentation.</p> <p>Target Implementation Date:</p> <p>2nd Quarter of 2023.</p>
		<p>Follow Up Status as of 27th May 2024</p> <p>Management have established the Manpower Planning and Headcount Budget.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response
			E	SI	MI		
Human Resource Department	4.3.7 Succession Planning	<p>Based on our review, we noted that the Company does not have succession planning which are susceptible to the following risk: -</p> <p>i) Lack of contingency plans: Without proper succession planning, the organization may not have contingency plans in place if key employees leave or are unable to perform their duties. This can lead to disruptions in operations and a loss of institutional knowledge.</p> <p>ii) Difficulty attracting and retaining top talent: Potential employees may be hesitant to join an organization that does not have a clear plan in place for succession and career advancement, leading to difficulty attracting and retaining top talent.</p> <p>iii) Increased risk of legal challenges: If the organization does not have a clear plan for succession, it may be at increased risk of legal challenges from employees who feel that they have been unfairly passed over for promotions or have not been given adequate opportunities to advance.</p>			MI	<p>Management is recommended to implement a comprehensive succession planning policy and process to ensure that it has contingency plans in place and can effectively identify and develop internal talent to take on key roles as they become available i.e., conducting regular workforce assessments, developing career development plans for employees, and identifying and grooming potential successors for key roles.</p>	<p>Commented by Management:</p> <p>Management is the midst of establishing a proper succession planning processes and documentation.</p> <p>Target Implementation Date:</p> <p>2nd Quarter of 2023.</p>
		<p>Follow Up Status as of 27th May 2024</p> <p>Management have established and documented succession planning policy and procedures as per our recommendations which is authorized by the CFO. Kindly refer Appendix V.</p>	E			--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.8 Probation and Confirmation Process	<p>We reviewed the probation process as per the following: -</p> <ul style="list-style-type: none"> i) HR Executive notified the HOD to conduct an evaluation process for confirmation of the probationary employee. ii) Upon conducting the evaluation, probationary employee and HOD appended on the Staff Evaluation Form which will be then forwarded to the HR Department. iii) Based on the Staff Evaluation Form, the HR Executive prepared a Confirmation Letter and Extension of Probation. iv) The letter shall be reviewed by the HR Manager and approved by the MD. v) The letter forwarded to the probation employee for acknowledgement. <p>We have reviewed 15 PF and noted the documentation of confirmation letter and extension of probation letter were all in order.</p> <p>The probation period varies between 3 months and 6 months depending on the designation.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.9 Disciplinary Actions	<p>We reviewed the disciplinary actions process as per the following: -</p> <ul style="list-style-type: none"> i) Upon the disciplinary issued being notified by the HR Department, the employee shall be called to HR Department for investigation. ii) Upon investigation, the HR Department performs the remedial actions and given a warning to the employee. iii) HR Department issues a warning letter to the employee and obtain acknowledgement from the employee. iv) The warning letter shall be filed into the PF of the employee. <p>During our audit period, we noted there were 3 personnel received disciplinary actions and the actions were being carried out as above.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.10 Employee Leave Application	<p>We reviewed the Employee Leave Application (“ELA”) process as following: -</p> <ul style="list-style-type: none"> i) The employee fills up the Leave Application Form and obtained approval. from the superior/HOD. ii) Upon approval of the Leave Application Form, it was forwarded to the HR Department for processing. iii) The HR Executive processes the Leave Application Form by calculating the remaining leaves and input into the system. <p>Based on our review of 15 samples of ELA records, we noted the following: -</p> <ul style="list-style-type: none"> i) Leave entitlement according to years of services. ii) Supporting documents for leave i.e. Medical Certificate. iii) Approval of Leave Form. <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.11 Staff Training, Welfare, and Development Programme	<p>Based on our review on Staff Training process, we noted the following procedures:</p> <ul style="list-style-type: none"> i) Each department will submit Request for Training Form to HR department. ii) The form will be forwarded to Finance & Admin Director for approval. iii) After approval, the HR department will compile the Request for Training Forms and prepare Training Schedule / Plan. iv) After the training program is conducted, it will be recorded in Training Record with details of Course, Training Provider, Date, Venue, Participant, Types of Training, HRDF Claimable Status and Grant Application Status. <p>We noted the Training Schedule and Training Need Analysis for year 2022 were carried out as planned.</p> <p>Based on our review of the 5 samples of the Training Evaluation Form, we noted that there was a section at the bottom of the form in which the overall evaluation of the training is provided.</p>	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.11 Staff Training, Welfare, and Development Programme (Cont'd)	<p>The overall evaluation of the training was provided by the following training satisfactory levels for the attended employee after training commencement:</p> <ul style="list-style-type: none"> i) Satisfactory ii) Fair iii) Poor iv) Need to Re-Train <p>No issues to be highlighted.</p>	E				--	--
	4.3.12 Monthly Payroll and Salary Computation	<p>Based on our review on Payroll Processing procedure, we noted the current sub-procedures in practice as below:</p> <ul style="list-style-type: none"> i) The no. of working days is calculated according to Attendance Record from Biometric thumb print system. ii) The payroll record is updated by HR Executive in system. iii) The system generated Payroll Register is printed and submitted to HR Manager for checking. iv) After checking, the Payroll Register Summary is submitted to Finance Department for further processing. 	E				--	--



SECTION 4.3 – HUMAN RESOURCES DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Human Resource Department	4.3.12 Monthly Payroll and Salary Computation	<p>Furthermore, we noted that there is a Salary Scale established and we noted no discrepancy.</p> <p>Based on our review on the payment to EPF, SOCSO and PCB for the months of June 2022 to December 2022, we noted the submission dates to authorities were within the timeline and before the due date of 15th of each month which conform with the statutory timeline.</p> <p>Also, we have tested the accuracy of EPF and SOCSO contribution payment and PCB payment of employees and noted no discrepancy.</p>	E				--	--



SECTION 4.4 – OPERATIONS DEPARTMENT

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response	
			E	SI	MI			W
Operations Management	4.4.1 Review of Operations Standard Operating Procedure	<p>Based on our review, we noted the following sub-procedures which had been practice in Operation Process: -</p> <ul style="list-style-type: none"> i) Operation of Tankers <ul style="list-style-type: none"> - Contract Award - On Hire - Voyage Instruction - Perform Shipment - Complete Shipment ii) Operations of FSU <ul style="list-style-type: none"> - Production Loading - Charterer Instruction - Perform Loading/Storing - Maintenance and Running Operations - Cargo Transfer / Offloading Operations iii) Identification and Traceability iv) Warranty <p>The abovementioned procedures were revised by the Management in December 2022.</p> <p>The revision history tabulated in the Operations SOP.</p> <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																								
			E	SI	MI	W																										
Operations Management	4.4.2 Review of Insurance Coverage and Validity	Based on our review of the insurance agreement coverage and validity for Tanker, Tugboat, Fast Crew Boat, and FSU, we noted the insurance coverage are sufficient and valid as below: -	E				--																									
		<p>Tanker</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name & Value</th> <th>Market</th> <th>Validity Coverage</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Nautica Kluang 2 (USD 15,000,000)</td> <td></td> <td>Feb, Apr & May 2023</td> </tr> <tr> <td>2)</td> <td>Nautica Pontian 2 (USD 15,000,000)</td> <td></td> <td>Feb, Apr & May 2023</td> </tr> </tbody> </table> <p>Tugboat</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name & Value</th> <th>Market</th> <th>Validity Coverage</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Nautica Tanjung Puteri I (USD 1,500,000)</td> <td></td> <td rowspan="5">Feb & May 2023</td> </tr> <tr> <td>2)</td> <td>Nautica Tanjung Puteri XI (USD 2,500,000)</td> <td></td> </tr> <tr> <td>3)</td> <td>Nautica Tanjung Puteri XII (USD 2,500,000)</td> <td></td> </tr> <tr> <td>4)</td> <td>Nautica Tanjung Puteri XV (USD 2,800,000)</td> <td></td> </tr> <tr> <td>5)</td> <td>Nautica Tanjung Puteri XVI (USD 2,000,000)</td> <td></td> </tr> </tbody> </table>							No.	Name & Value	Market	Validity Coverage	1)	Nautica Kluang 2 (USD 15,000,000)		Feb, Apr & May 2023	2)	Nautica Pontian 2 (USD 15,000,000)		Feb, Apr & May 2023	No.	Name & Value	Market	Validity Coverage	1)	Nautica Tanjung Puteri I (USD 1,500,000)		Feb & May 2023	2)	Nautica Tanjung Puteri XI (USD 2,500,000)		3)
No.	Name & Value	Market	Validity Coverage																													
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5)	Nautica Tanjung Puteri XVI (USD 2,000,000)																															



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations		Effectiveness of Internal Control			Recommendations	Management Response
				E	SI	MI		
Operations Management	4.4.2 Review of Insurance Coverage and Validity (Cont'd)	Tugboat	No. Name & Market Value	Validity Coverage	E		--	--
		6)	Nautica Tanjung Puteri XVII (USD 3,300,000)					
		7)	Nautica Tanjung Puteri XVIII (USD 115,000)					
		8)	Nautica Tanjung Puteri XIX (USD 2,400,000)					
		9)	Nautica Tanjung Puteri XX (USD 2,400,000)	Feb & May 2023				
		10)	Nautica Tanjung Puteri XXI (USD 3,000,000)					
		11)	Nautica Tanjung Puteri XXII (USD 3,000,000)					
		12)	Nautica Tanjung Puteri XXIII (USD 3,600,000)					
		13)	Nautica Tanjung Puteri XXIV (USD 3,200,000)					
		14)	Nautica Tanjung Puteri XXV (USD 3,200,000)					



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response					
			E	SI	MI	W							
Operations Management	4.4.2 Review of Insurance Coverage and Validity (Cont'd)	Tugboat						--	--				
		No.	Name & Value	Market	Validity Coverage								
		15)	Nautica Tanjung Puteri XXVI (USD 3,500,000)		Feb & May 2023								
		16)	Nautica Tanjung Puteri XXVII (USD 4,200,000)		Feb & May 2023								
		17)	Nautica Tanjung Puteri XXVIII (USD 4,300,000)		Feb & May 2023								
		18)	Nautica Tanjung Puteri XXIX (USD 4,000,000)		Feb & May 2023								
		19)	Nautica Tanjung Puteri XXXVII (USD 4,500,000)		Feb & May 2023								
		Fast Crew Boat											
		No.	Name & Value	Market	Validity Coverage								
		1)	Nautica Tanjung Puteri XXX (USD 3,000,000)		Feb & May 2023								
		2)	Nautica Gambir (USD 3,500,000)		Feb & May 2023								
			3)	Nautica Langsat (USD 3,300,000)		Feb & May 2023							



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response								
			E	SI	MI	W										
Operations Management	4.4.2 Review of Insurance Coverage and Validity (Cont'd)	<p>FSU</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name & Value</th> <th>Market</th> <th>Validity Coverage</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>FOIS Tembikai (USD 12,500,000)</td> <td>Nautica</td> <td>Feb & May 2023</td> </tr> </tbody> </table> <p>All the Vessels have been covered by the following insurance: -</p> <ul style="list-style-type: none"> i) Hull and Machinery ii) Loss of Hire iii) Mortgage Interest Insurance iv) Protection and Indemnity <p>No issues to be highlighted.</p>	No.	Name & Value	Market	Validity Coverage	1)	FOIS Tembikai (USD 12,500,000)	Nautica	Feb & May 2023	E				--	--
No.	Name & Value	Market	Validity Coverage													
1)	FOIS Tembikai (USD 12,500,000)	Nautica	Feb & May 2023													



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Operations Management	4.4.3 Vessel Maintenance	<p>Based on our review of the vessel performance breakdown report, we noted there was absence of detailed analysis of breakdown in vessels.</p> <p>We noted that the breakdown in vessels divided into minor and major breakdown. For major breakdown, but no detailed analysis prepared by the Technical Team to identify the root cause of the breakdown.</p> <p>The detailed analysis of the breakdown can help to find the solution to overcome the major breakdown in the future and improve the effectiveness of the vessel performance.</p> <p>Further, we noted the Management documented the Preventive Maintenance Checklist for all the vessels for regular maintenance to reduce the breakdown and downtime hours.</p> <p>Issues to be highlighted.</p>	SI				<p>Management is recommended to prepare the analysis of breakdown in vessels to ensure the root cause of the breakdown and solution to overcome the major breakdown in the future.</p> <p>Target Implementation Date: 1st Quarter of 2023</p>	<p>Commented by Management: Currently, Management is in the midst of establishing analysis on the vessel breakdown to identify the root cause of breakdown. This is a part of risk mitigation on vessels off hire.</p>
		<p>Follow Up Status as of 27th May 2024</p> <p>Management via QHSSE have prepared the trends and analysis of internal and external findings to identify the root cause of the issues and to overcome any major breakdown in the future.</p> <p>Kindly refer Appendix VI.</p>	E			--	--	



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																		
			E	SI	MI	W																				
Operations Management	4.4.4 Review of Monthly Operations Report	<p>Based on our review, we noted that Head of department did prepare and submit the following monthly report as below: -</p> <table border="1"> <tr><td>Main Engine</td></tr> <tr><td>M/E PMS Report</td></tr> <tr><td>M/E Log Abstract (If Applicable)</td></tr> <tr><td>M/E Engine Voyage Abstract (If Applicable)</td></tr> <tr><td>M/E Performance Report</td></tr> <tr><td>M/E Maintenance Report (Port, Centre & Starboard)</td></tr> <tr><td>Auxiliary Engine</td></tr> <tr><td>A/E PMS Report Monthly</td></tr> <tr><td>A/E Log Abstract (If Applicable) Monthly</td></tr> <tr><td>A/E Maintenance Report (No. 1,2 & 3) Monthly</td></tr> <tr><td>A/E Performance Report Monthly</td></tr> <tr><td>Auxiliary Machinery / Electrical System & Machinery</td></tr> <tr><td>Cargo Pump Report</td></tr> <tr><td>Auxiliary Machinery Report</td></tr> <tr><td>Electrical Machinery & Equipment</td></tr> <tr><td>Electrical Machinery Maintenance Report</td></tr> <tr><td>Diesel Generator Engine Voyage Abstract (If Applicable)</td></tr> <tr><td>Other Machinery Status</td></tr> </table>	Main Engine	M/E PMS Report	M/E Log Abstract (If Applicable)	M/E Engine Voyage Abstract (If Applicable)	M/E Performance Report	M/E Maintenance Report (Port, Centre & Starboard)	Auxiliary Engine	A/E PMS Report Monthly	A/E Log Abstract (If Applicable) Monthly	A/E Maintenance Report (No. 1,2 & 3) Monthly	A/E Performance Report Monthly	Auxiliary Machinery / Electrical System & Machinery	Cargo Pump Report	Auxiliary Machinery Report	Electrical Machinery & Equipment	Electrical Machinery Maintenance Report	Diesel Generator Engine Voyage Abstract (If Applicable)	Other Machinery Status	E				--	--
Main Engine																										
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SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Operations Management	4.4.4 Review of Monthly Operations Report (Cont'd)	<p>Other Reports</p> <p>Maintenance Planning</p> <p>Machinery and Electrical</p> <p>Minimum Spare Status</p> <p>Calibrations Report</p> <p>Merger Test Report</p> <p>Corrective Action Request (CAR) as raised</p> <p>Drill Report & Checklist</p> <p>LSA & FFE Maintenance Report</p> <p>Monthly Safety Meeting</p> <p>Near Miss Report</p> <p>Shipboard Defect List Report</p> <p>Vessel Certificate Status</p> <p>Inert Gas System</p> <p>Ballast Water Management System</p> <p>The Chief Engineer was responsible for submitting reports for any overhaul, major maintenance or even maintenance and overhaul for a single cylinder unit.</p> <p>The Report also includes a calibration and maintenance report and a report on spares consumed.</p> <p>The Master responsible for timely compilation and forwarding of the above reports. Superintendent in charge of ensuring all report been verified accordingly.</p>	E				--	--



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Operations Management	4.4.5 Maintenance Practices	<p>The maintenance practices cover the following:</p> <p><u>Preventive</u></p> <p>i) Preventive maintenance practices are related to the maintenance carried out as per maker's recommendation to ensure machinery breakdown.</p> <p>ii) An extension to the running hours of the machinery above the maker's recommendation shall be permissible only with the approval by the Technical Manager. The limit of extension shall be clearly stated in the approval.</p> <p><u>Predictive or condition based.</u></p> <p>a) This involves the usage of monitoring equipment to ascertain if operating parameters have reached predetermined levels before remedial activities are activated.</p> <p>Vibration analysis and performance logs to be consulted and examined to ascertain operating condition of equipment before any maintenance being carried out.</p>	E				--	--



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Operations Management	4.4.5 Maintenance Practices (Cont'd)	<p>Scheduled or Planned</p> <p>i) Scheduled or planned maintenance is based on defined periods, fixed calendar dates or operating hour's e.g. main engine running hours or monthly / yearly.</p> <p>ii) Chief Engineer to ensure the completion of planned maintenance jobs on-board.</p> <p>iii) All essential spares for carrying out planned maintenance repairs shall be requested in advance.</p> <p>iv) In addition, there were essential inspection routines to verify as per checklists for operating conditions of equipment and installations during:</p> <ul style="list-style-type: none"> - Entry / leaving port. - Whilst at sea. - Routine tours of inspection. <p>No issues to be highlighted.</p>	E				--	--



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response											
			E	SI	MI	W													
Operations Management	4.4.6 Monitoring of Business License	We have reviewed the following business license of the following rented properties of EATECH as below:-	SI				Management is recommended to obtain the business license to ensure there are no action taken by the Legal Authorities.	by Commented Management: Currently, Management is in the progress of apply online the business licenses thru i-license for the office space at first floor of Marine Services Building for office use at North Port.											
		<table border="1"> <thead> <tr> <th>No.</th> <th>Address</th> <th>Description/ Existing Use</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan, Kuala Terengganu</td> <td>Parcel of office /Business premises at Kertih Port.</td> </tr> <tr> <td>2.</td> <td>Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur</td> <td>Commercial unit at third floor of a five-storey office block held or office use</td> </tr> <tr> <td>3.</td> <td>Level 1, Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor</td> <td>Office space at first (1st) floor of Marine Services Building for office use</td> </tr> </tbody> </table>	No.	Address	Description/ Existing Use	1.	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan, Kuala Terengganu	Parcel of office /Business premises at Kertih Port.	2.	Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Commercial unit at third floor of a five-storey office block held or office use	3.	Level 1, Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor	Office space at first (1st) floor of Marine Services Building for office use					Target Implementation Date: In progress.
		No.	Address	Description/ Existing Use															
1.	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan, Kuala Terengganu	Parcel of office /Business premises at Kertih Port.																	
2.	Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Commercial unit at third floor of a five-storey office block held or office use																	
3.	Level 1, Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor	Office space at first (1st) floor of Marine Services Building for office use																	



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations		Effectiveness of Internal Control			Recommendations	Management Response		
		No.	Address	Description/Existing Use	E	SI			MI	W
Operations Management	4.4.6 Monitoring of Business License (Cont'd)	4.	No 38-1, Jalan Setiawangsa 11A, Taman Setiawangsa, 54200 Kuala Lumpur.	Office space at first floor for archiving purpose.	SI			As above	As above	
		5.	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	Options which include but are not limited to ship construction, repairs and all such shipyard activities and other related activities.						
		6.	Lot 1255, Batu 91/2 Pantai Kundur, 76400 Tanjung Keling, Melaka.	Office space for port operations at Sg. Udang.						
		7.	Lot 16-2, Lorong Lintas Plaza, Lintas Plaza, 88300 Kota Kinabalu, Sabah.	Office space for port operations at Kota Kinabalu.						



SECTION 4.4 – OPERATIONS DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
Operations Management	4.4.6 Monitoring of Business License (Cont'd)	<p>As informed by Management the business licenses are not required for the rented properties at Port kertih, Sg, Udang, Kota Kinabalu and office space at Taman Setiawangsa, First Floor.</p> <p>We also noted there is DBKKL Licenses for the office space at Unit C-3-3A, Block C, Setiawangsa Business Suite.</p> <p>Further, we noted there is a manufacturing license for the Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan.</p> <p>Kindly refer Appendix III.</p> <p>Issues to be highlighted.</p>	SI				As above	As above
		<p>Follow Up Status as of 27th May 2024</p> <p>We noted that all the business licenses and permits of EATECH and JSE have been renewed and still valid during our follow-up review.</p>	E				--	--



SECTION 4.5 – IT DEPARTMENT

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response
			E	SI	MI		
IT General Control	4.5.1 Review of Endpoint and Server Security	<p>Based on our review of 15 endpoint security and one server, we noted that the devices are not installed with anti-virus software to protect from any malware and virus attack.</p> <p>Currently, the devices are protected by windows default anti-virus which is inadequate to protect the devices.</p> <p>Nonetheless, further clarification with the IT Executive noted that they are in the midst of procuring a new anti-virus and to be installed by January 2023.</p> <p>Issues to be highlighted.</p>	SI			<p>Management is recommended to install anti-virus software to protect the devices from any malware and virus attack.</p>	<p>Commented by Management:</p> <p>Management had installed end point anti-virus software, namely “WITH” Secure on 22nd December 2022, to all PC, laptop of office staff.</p> <p>Target Implementation Date:</p> <p>Completed on 22nd December 2022.</p>
		<p>Follow Up Status as of 27th May 2024</p> <p>Management had installed end point anti-virus software, namely “WITH” on 22nd December 2022, to all PC and laptop of office staff.</p>	E			--	--



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response								
			E	SI	MI	W										
IT General Control	4.5.2 Review of Network Security	<p>EA Technique commissioned 1 layer of firewall which is Fortigate modelled 80E. The firewall is used to filter the incoming and outgoing traffic to/from the internet. Furthermore, the router being used is TP Link modelled Archer AX72v1 which is used to broadcast and connect multiple devices to the internet connection.</p> <p>Based on our review, we noted that the firewall and router firmware was not up to date as per the following: -</p> <table border="1"> <thead> <tr> <th>Device Name</th> <th>Firmware Version</th> <th>Latest Available Version</th> </tr> </thead> <tbody> <tr> <td>Fortigate 80E</td> <td>6.4.10</td> <td>7.2</td> </tr> <tr> <td>Archer AX72 v1.0</td> <td>1.0.2</td> <td>1.1.2</td> </tr> </tbody> </table> <p>These will increase the surface area of attack for any malware or outsider's due to out-of-date firmware security.</p> <p>Issues to be highlighted.</p> <p>Follow Up Status as of 27th May 2024</p> <p>IT Department have upgraded the firewall of Fortigate 80E to 80F after obtained the approval from Management.</p>	Device Name	Firmware Version	Latest Available Version	Fortigate 80E	6.4.10	7.2	Archer AX72 v1.0	1.0.2	1.1.2	E	SI			<p>Management is recommended to update the firewall and router firmware to avoid being attacked by any malware or outsiders due to out-of-date firmware security.</p> <p>Management Commented: IT Department is in the midst of preparing proposal to upgrade firewall of Fortigate 80E to 80F, to obtain approval from Management. The upgrade works will be executed immediately once approved. The router firmware was updated accordingly by IT Department from 1.0.2 to 1.1.2 on 5th December 2022.</p> <p>Target Implementation Date: Firmware: Completed on 5th January 2023. Upgrade Firewall in 2nd Quarter of 2023.</p>
Device Name	Firmware Version	Latest Available Version														
Fortigate 80E	6.4.10	7.2														
Archer AX72 v1.0	1.0.2	1.1.2														
								--								



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response										
			E	SI	MI	W												
IT Control	4.5.3 IT Requisition Process	<p>Based on our review, we noted that there was absence of IT Requisition Tracking List and following information: -</p> <ul style="list-style-type: none"> i) Current Status of IT Request. ii) IT Requisition Time. iii) Initial Response Time. iv) Resolution Time. v) User Acceptance and Acknowledgement Time. <p>We noted that the any request for IT Support and IT Requisition Form is raised.</p> <p>However, there was absence determinant of prioritization as per the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Priority</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Urgent</td> <td>Critical impact on business. Initial response time of 30 minutes and ticket resolution time of 1 hour.</td> </tr> <tr> <td>High</td> <td>High business impact. Initial response time of 1 hour and ticket resolution time of 2 hours</td> </tr> <tr> <td>Medium</td> <td>Medium business impact. Initial response time of 2 hours and ticket resolution time of 5 hours</td> </tr> <tr> <td>Low</td> <td>Low business impact. Initial response time of 2 hours and ticket resolution time of 1 working day.</td> </tr> </tbody> </table>	Priority	Description	Urgent	Critical impact on business. Initial response time of 30 minutes and ticket resolution time of 1 hour.	High	High business impact. Initial response time of 1 hour and ticket resolution time of 2 hours	Medium	Medium business impact. Initial response time of 2 hours and ticket resolution time of 5 hours	Low	Low business impact. Initial response time of 2 hours and ticket resolution time of 1 working day.	SI				<p>Management is recommended to document and include the following information in the IT Requisition Tracking List: -</p> <ul style="list-style-type: none"> i) Current Status of IT Request. ii) IT Requisition Time. iii) Initial Response Time. iv) Resolution Time. v) User Acceptance and Acknowledgement Time. 	<p>Commented by Management:</p> <p>IT Department had established tracking log for IT Requisition process. The tracking will be filled by IT personnel upon receive requisition from user.</p> <p>Target Implementation Date:</p> <p>Completed on 5th January 2023.</p>
Priority	Description																	
Urgent	Critical impact on business. Initial response time of 30 minutes and ticket resolution time of 1 hour.																	
High	High business impact. Initial response time of 1 hour and ticket resolution time of 2 hours																	
Medium	Medium business impact. Initial response time of 2 hours and ticket resolution time of 5 hours																	
Low	Low business impact. Initial response time of 2 hours and ticket resolution time of 1 working day.																	
		<p>Follow Up Status as of 27th May 2024</p> <p>IT Department had established tracking log for IT Requisition process.</p>	E				--	--										



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response									
			E	SI	MI	W											
IT General Control	4.5.4 IT Training and Awareness	Based on our review, we noted that there was no IT Training and Awareness being conducted by the Company. Following are examples of IT Awareness that may be conducted: -	SI				Management is recommended to conduct the IT Training and Awareness which are important for ensuring that individuals and organizations have the necessary skills and knowledge to effectively use technology. The programs can help improve productivity, efficiency and prevent cybersecurity risks.	by Commented: Effective 4 th Quarter of 2022, IT Department had provided IT awareness to all staff (shore and sea) via virtual i.e. email. 1st awareness was issued on 7 th November 2022 on cybersecurity topic. The IT awareness will be conducted on quarterly basis. Next awareness will be in February 2023. Target Implementation Date: Completed on 7 th November 2022.									
		<table border="1"> <thead> <tr> <th>Awareness</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Removable Media</td> <td>Unauthorized removable media may invite data security issues, malware infection, hardware failure and copyright infringement.</td> </tr> <tr> <td>Safe Internet Habits</td> <td>Security training program should incorporate safe internet habits that prevent attackers from penetrating your network.</td> </tr> <tr> <td>Physical Security</td> <td>Awareness of potential security issues originating in physical aspects of the workplace.</td> </tr> <tr> <td>Social Networking Dangers</td> <td>Awareness on the social networking and guide employees about the menace of phishing attacks.</td> </tr> <tr> <td>Email Scams</td> <td>Awareness of email scam that involves fraudulent and unsolicited emails.</td> </tr> <tr> <td>Clean Desk Policy</td> <td>Awareness on the sensitive information that is left on desk. All sensitive information should be removed from the desk at the end of the project/day.</td> </tr> </tbody> </table>	Awareness	Description	Removable Media	Unauthorized removable media may invite data security issues, malware infection, hardware failure and copyright infringement.			Safe Internet Habits	Security training program should incorporate safe internet habits that prevent attackers from penetrating your network.	Physical Security	Awareness of potential security issues originating in physical aspects of the workplace.	Social Networking Dangers	Awareness on the social networking and guide employees about the menace of phishing attacks.	Email Scams	Awareness of email scam that involves fraudulent and unsolicited emails.	Clean Desk Policy
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Clean Desk Policy	Awareness on the sensitive information that is left on desk. All sensitive information should be removed from the desk at the end of the project/day.																



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response																					
			E	SI	MI	W																							
IT General Control	4.5.4 IT Training and Awareness (Cont'd)	<p>Follow Up Status as of 27th May 2024</p> <p>We have reviewed Cybersecurity Awareness Training Slides and noted that IT Department have conducted Cybersecurity Awareness Training in March 2023 and July 2023 on Mobile Security.</p>	E				--	--																					
	4.5.5 Password Configuration	<p>We have reviewed the password configuration of the following system that EATECH has, which are Windows 10 and UBS system.</p> <p>The following system password requirements are as per the following: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>System</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Windows 10</td> <td>Yes</td> <td>8</td> <td>90</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>2.</td> <td>UBS</td> <td>Yes</td> <td>8</td> <td>90</td> <td>10</td> <td>5</td> </tr> </tbody> </table> <p>1. Password complexity (at least combination of alphanumeric) 2. Minimum password length (number of characters) 3. Password expiry (number of days) 4. Session timeout (minutes) 5. Maximum number of failed logins allowed before being locked out</p> <p>It was noted that the passwords are standardized.</p> <p>No issues to be highlighted.</p>	No.	System	1	2	3	4	5	1.	Windows 10	Yes	8	90	N/A	N/A	2.	UBS	Yes	8	90	10	5	E				--	--
No.	System	1	2	3	4	5																							
1.	Windows 10	Yes	8	90	N/A	N/A																							
2.	UBS	Yes	8	90	10	5																							



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control			Recommendations	Management Response
			E	SI	MI		
IT General Control	4.5.6 Review of Third-Party SLA	<p>Currently, E.A Technique is engaged with a 3rd party service provider on Cloud Backup namely "Microfocus".</p> <p>The service level agreement is effective from 1st September 2022 till 31st August 2023.</p> <p>There is online support from the 3rd party service, and it is being adhered based on the SLA.</p> <p>No issues to be highlighted.</p>	E			--	--



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response												
			E	SI	MI	W														
IT General Control	4.5.7 Server Room Physical Access Security	<p>We inspected the physical room. Below is the observation we noted: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Description</th> <th>Observation</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Entry to the server room</td> <td>Door access is covered with CCTV. There are CCTV outside of the door and inside the server to monitor the door access. Furthermore, upon entry on the door access, personnel are required to register in the log access to the server room. Guests are accompanied by authorized personnel upon entry to the server room. Server room access required password entry to access.</td> </tr> <tr> <td>2.</td> <td>Air Conditioner</td> <td>There are 2 air conditioners in the server room. It is being turned on a periodic basis of 12 hours each. The air conditioner is being maintained on an annual basis.</td> </tr> <tr> <td>3.</td> <td>Fire Fighting System</td> <td>There is a fire extinguisher located outside of the server room. It is not expired, and not water base.</td> </tr> </tbody> </table>	No.	Description	Observation	1.	Entry to the server room	Door access is covered with CCTV. There are CCTV outside of the door and inside the server to monitor the door access. Furthermore, upon entry on the door access, personnel are required to register in the log access to the server room. Guests are accompanied by authorized personnel upon entry to the server room. Server room access required password entry to access.	2.	Air Conditioner	There are 2 air conditioners in the server room. It is being turned on a periodic basis of 12 hours each. The air conditioner is being maintained on an annual basis.	3.	Fire Fighting System	There is a fire extinguisher located outside of the server room. It is not expired, and not water base.	E				--	--
No.	Description	Observation																		
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3.	Fire Fighting System	There is a fire extinguisher located outside of the server room. It is not expired, and not water base.																		

APPENDIX IV – INTERNAL CONTROL REVIEW AND RISK MANAGEMENT REPORT (CONT'D)



Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response								
			E	SI	MI	W										
		<table border="1"> <tr> <td>4.</td> <td>Flooring</td> <td>There is an absence of raised floor in the server room. However, as the location of the office is on the 5th floor and geographical location is far from sea/river. The risk of flooding is close to none.</td> </tr> <tr> <td>5.</td> <td>CCTV</td> <td>There is a CCTV to monitor the incoming and outgoing of staff located at outside of the server room.</td> </tr> <tr> <td>6.</td> <td>Cables Management</td> <td>The cables are being labelled and not messy. There is a server diagram as well inside of the server bracket to easily identified the cables.</td> </tr> </table> <p>Based on our observation, all the physical security was in place.</p>	4.	Flooring	There is an absence of raised floor in the server room. However, as the location of the office is on the 5th floor and geographical location is far from sea/river. The risk of flooding is close to none.	5.	CCTV	There is a CCTV to monitor the incoming and outgoing of staff located at outside of the server room.	6.	Cables Management	The cables are being labelled and not messy. There is a server diagram as well inside of the server bracket to easily identified the cables.					
4.	Flooring	There is an absence of raised floor in the server room. However, as the location of the office is on the 5th floor and geographical location is far from sea/river. The risk of flooding is close to none.														
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SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
IT General Control	4.5.8 Backup and Restoration Configuration	<p>The backup configuration of EATECH is performed daily at 10pm. It is a combination of incremental and full back up.</p> <p>The database in EATECH will be stored in the server which will then be stored in the Cloud Backup.</p> <p>Furthermore, there is a log of backup being extracted from the backup server whereby in the event of failure to backup, the IT Executive will be notified and perform a manual backup.</p> <p>On another note, a restoration testing is being performed by the 3rd party namely Microfocus to check on the integrity of data being backup.</p> <p>Based on the restoration testing, there were no issues with the data integrity.</p>	E				--	--



SECTION 4.5 – IT DEPARTMENT (CONT'D)

Functions	Activities	Key Observations	Effectiveness of Internal Control				Recommendations	Management Response
			E	SI	MI	W		
IT Control	4.5.9 Identity and Access Management	<p>Currently, the process of identity and access management is being performed via IT Requisition Form. The process is as per the following: -</p> <ul style="list-style-type: none"> i) Requestor to fill up the IT Requisition Form and acquire approval from the respective HOD. ii) Upon approval, the IT Requisition Form to be forwarded to the IT Executive to perform account creation for the requestor. iii) Upon completion of the creation, the requestor shall append its signature on the IT Requisition Form to acknowledge that the task has been completed. <p>Based on our review of 11 sample testing of IT Requisition Form, there were no discrepancies.</p>	E				--	--



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																					
				I	L	I	L																				
5.1	Strategic Risk																										
1	Market risk	Business is essentially project based and therefore, there must be always new projects coming on stream for sustainability.	<p>E.A. Technique (M) Berhad is a local marine company that owns and operates marine vessels where their business is focused on marine transportation and offshore storage of oil and gas, and provision of port marine services. The Group is involved in the charter of various types of tankers for the transportation and offshore storage of oil and gas, charter of marine tug vessels for the provision of port marine services and charter of Offshore Support Vessels in the form of fast crew boats to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.</p> <p>Group financial results of 2 preceding quarters are as below:</p> <table border="1"> <thead> <tr> <th>RM</th> <th>Q4 2022 RM'000</th> <th>Q3 2022 RM'000</th> <th>Variance %</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>41,726</td> <td>43,242</td> <td>(4%)</td> </tr> <tr> <td>Operating profit</td> <td>2,949</td> <td>14,978</td> <td>80%</td> </tr> <tr> <td>Profit Before Taxation</td> <td>11,914</td> <td>5,677</td> <td>110%</td> </tr> <tr> <td>Net Profit</td> <td>22,980</td> <td>5,677</td> <td>305%</td> </tr> </tbody> </table> <p>Comparing last quarter against this current quarter, the Group recorded a revenue of RM41.7 million for the current quarter ended 31 December 2022, as compared to RM43.2 million in the preceding quarter, a decrease of RM1.5 million due to lower vessels' utilisation rate.</p> <p>The Group recorded a net profit of RM22.9 million in the current quarter mainly due to reversal of vessel impairment., as compared to the net profit of RM5.6 million recorded in the preceding quarter indicating an increase by 305%.</p>	RM	Q4 2022 RM'000	Q3 2022 RM'000	Variance %	Revenue	41,726	43,242	(4%)	Operating profit	2,949	14,978	80%	Profit Before Taxation	11,914	5,677	110%	Net Profit	22,980	5,677	305%	<p>The Group continues to improve operational efficiencies to maximise the vessel's utilisation rate, implement cost savings and containment programs, ensure extension of existing contracts and effective cash management.</p> <p>The Group also continuously looking for new businesses and contracts which will contribute positively to the earning stability and cash flow certainty due to the rising of oil prices globally</p> <p>The Group is currently under the Regularisations Plan mainly comprise a workable debt restructuring plan under 'Scheme of Arrangement' and exploring the option to secure long term contract utilizing current or new vessels.</p>	Ma	VL	Moderate
RM	Q4 2022 RM'000	Q3 2022 RM'000	Variance %																								
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																													
				I	L	I	L																												
5.1	Strategic Risk																																		
1	Market risk (Cont'd)	As above.	<p>Demand Conditions affecting the Oil and Gas Service Equipment ("OGSE") Industry in Malaysia, 2022-2027</p> <table border="1"> <thead> <tr> <th>Demand Conditions</th> <th>Short-Term 2022-2023</th> <th>Medium -Term 2024-2025</th> <th>Long-Term 2026-2027</th> </tr> </thead> <tbody> <tr> <td>The Presence of Strategic Petroleum Reserves</td> <td>High</td> <td>High</td> <td>High</td> </tr> <tr> <td>Petrochemical Industry as a Long-Term Source of Incremental Demand</td> <td>Medium</td> <td>Medium</td> <td>Medium</td> </tr> <tr> <td>Continuing Investments Driving Upstream and Downstream Oil and Gas Activities</td> <td>Low</td> <td>Low</td> <td>Medium</td> </tr> <tr> <td>Fluctuations in Crude Oil Prices May Lead to Uncertain Earnings</td> <td>High</td> <td>Medium</td> <td>Medium</td> </tr> <tr> <td>The Implementation of Further Efficiency Improvements in Road Transportation</td> <td>Medium</td> <td>Medium</td> <td>Medium</td> </tr> <tr> <td>Increasing Threat of Substitutability from Greener and Renewable Sources of Energy</td> <td>Low</td> <td>Low</td> <td>Medium</td> </tr> </tbody> </table> <p>In order to maintain national fuel security and protect the economy during an energy crisis, crude oil is often stockpiled into what is commonly known as strategic petroleum reserves. The drawdown and replenishment or addition of strategic petroleum reserves can also act as a stabilising force against sharp movements in the prices of crude oil.</p>	Demand Conditions	Short-Term 2022-2023	Medium -Term 2024-2025	Long-Term 2026-2027	The Presence of Strategic Petroleum Reserves	High	High	High	Petrochemical Industry as a Long-Term Source of Incremental Demand	Medium	Medium	Medium	Continuing Investments Driving Upstream and Downstream Oil and Gas Activities	Low	Low	Medium	Fluctuations in Crude Oil Prices May Lead to Uncertain Earnings	High	Medium	Medium	The Implementation of Further Efficiency Improvements in Road Transportation	Medium	Medium	Medium	Increasing Threat of Substitutability from Greener and Renewable Sources of Energy	Low	Low	Medium	As above.	Ma	VL	Moderate
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
1	Market risk (Cont'd)	As above.	<p>As such, the presence of strategic petroleum reserves brings a positive impact to the overall development of the oil and gas industry including the OGSE industry. The global oil demand from the petrochemical industry is expected to increase from 14.00% (an estimated 13.00 million barrels per day) of total primary demand for oil in 2017 to 55.00% in 2050. The increase is largely supported by the growing demand for a wide range of products including plastics, synthetic fibres, detergents, paints, adhesives, aerosols, insecticides, and pharmaceuticals. Sustained dependence on petrochemicals for the production of these products is sparked by rising population and on-going industrialisation around the world. This development is expected to provide the impetus for growth in the oil and gas industry, which in turn further drive growth in the local OGSE industry.</p> <p>Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, we can expect more future offshore exploration activities to be conducted in deep and ultra-deep water. Meanwhile, the development of the downstream sector of the local oil and gas industry is expected to gain further traction with the continuing investments in the petroleum products (including petrochemicals) industry. In 2021, 16 oil and gas projects worth RM17.09 billion was approved by the Malaysian Government ("Government"). During that period, 9 OGSE projects worth RM312.40 million was also approved by the Government. These projects can help to spur further activities in the local OGSE industry. It is also worth noting that the commercial viability of OGSE projects is dependent to a large extent on the prices of crude oil. The crude oil prices have remained under pressure by the oversupply of crude oil against the backdrop of shrinking demand caused by the COVID-19 pandemic and the resulting movement and travel restrictions as well as the supply glut situation. People around the world have been forced to stay indoors and avoid all unnecessary travel due to COVID-19 pandemic and this have inevitably led to the collapse in global oil</p>	As above.	Ma	Vl	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
1	Market risk (Cont'd)	As above.	<p>demand particularly in the transportation sector. However, the rollout of vaccines on a global scale and reopening of economies has led to a recovery in oil demand, leading to higher oil prices. In addition, the war between Russia and Ukraine had also aggravated the situation, resulting in oil prices surging between USD104.58 and USD122.71 per barrel from March to July 2022. Oil prices have cooled slightly since July 2022 from fears of recession in the US and in Europe and from the economic slowdown in China. Oil prices averaged USD89.76 per barrel in September 2022. However, Organization of Petroleum Exporting Countries had agreed to cut production by 2 million barrels per day starting November 2022 until end 2023 to support declining oil prices. Oil prices stood at USD91.42 per barrel in November 2022.</p> <p>Given that a sizeable demand for oil comes from road transportation sector, technological developments, a tightening of energy policies as well as the faster penetration of electric and alternative-fuelled vehicles have inevitably led to further efficiency improvements. According to the International Energy Agency, the combined global sales of electric vehicles increased from 2.20 million units in 2019 to reach 3.00 million units in 2020, despite overall car sales slumping during the COVID-19. In 2021, electric car sales more than doubled to 6.60 million units and accounted for close to 9.0% of the global automotive market. The adoption of electric cars is expected to dampen the demand for oil which does not augur well for the growth in the oil and gas industry including the OGSE industry. As environmental and cost concerns become more prominent around the world, greener and renewable energy sources such as solar, wind, hydro and biomass are increasingly being explored to replace fossil fuel. However, green, and renewable sources of energy are not expected to make a marked dent in the demand for fossil fuels during the forecast period because fossil fuels remain familiar and more cost-efficient choice for the majority of major energy users.</p>	As above.	Ma	VL	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																					
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5.1	Strategic Risk																										
1	Market risk (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024</p> <table border="1"> <thead> <tr> <th>RM</th> <th>FYE 2023 RM'000</th> <th>FYE 2022 RM'000</th> <th>Variance %</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>133,079</td> <td>153,640</td> <td>(13%)</td> </tr> <tr> <td>Operating profit</td> <td>37,979</td> <td>18,242</td> <td>108%</td> </tr> <tr> <td>Profit Before Taxation</td> <td>29,879</td> <td>8,977</td> <td>233%</td> </tr> <tr> <td>Net Profit</td> <td>23,692</td> <td>16,297</td> <td>45%</td> </tr> </tbody> </table> <p>In FYE 2023, the Group achieved notable financial milestones, reflecting the Company's resilience and strategic focus during challenging market conditions within the industry. Despite recording a lower revenue of RM133.08 million in FYE 2023, representing a 13% decrease compared to FYE 2022, the Company demonstrated profitability. Profit after tax surged by 45% to RM23.69 million compared to the preceding year.</p> <p>Furthermore, earnings per share exhibited improvement, rising from 3.07 cents in FYE 2022 to 4.47 cents in FYE 2023. This upward trajectory in earnings per share signifies enhanced profitability and value creation for shareholders, affirming their commitment to delivering sustainable returns. These achievements were underpinned by prudent cost management strategies, evidenced by a 34% reduction in operating costs to RM85.56 million in FYE 2023 from RM128.69 million in FYE 2022. This disciplined approach to cost management has strengthened the bottom line and ensured financial stability amid market volatility.</p>	RM	FYE 2023 RM'000	FYE 2022 RM'000	Variance %	Revenue	133,079	153,640	(13%)	Operating profit	37,979	18,242	108%	Profit Before Taxation	29,879	8,977	233%	Net Profit	23,692	16,297	45%	As above.	Ma	Vl	Moderate
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5.1	Strategic Risk																																						
1	Market risk (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024 (Cont'd)</p> <p>Throughout 2023, E.A. Technique maintained operational continuity across its core service offering, namely marine transportation, port marine services and shipbuilding. The Company remained resolute in delivering excellence across its primary business segments.</p> <table border="1"> <thead> <tr> <th>Business Segment</th> <th>Type of Vessel</th> <th>Number of owned Vessel</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Marine Transportation</td> <td>Oil and Gas Tanker</td> <td></td> </tr> <tr> <td>Product tanker</td> <td>2</td> </tr> <tr> <td>Floating storage offloading</td> <td>1</td> </tr> <tr> <td>Offshore service vessel</td> <td></td> </tr> <tr> <td>Harbour tugboat</td> <td>5</td> </tr> <tr> <td>Fast crew boat</td> <td>3</td> </tr> <tr> <td>Crane barge</td> <td>1</td> </tr> <tr> <td rowspan="4">Port Marine Services</td> <td>Marine Support Vessel</td> <td></td> </tr> <tr> <td>Harbour tugboat</td> <td>11</td> </tr> <tr> <td>Utility tugboat</td> <td>3</td> </tr> <tr> <td>Mooring tugboat</td> <td>1</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Steel pontoon</td> <td>1</td> </tr> </tbody> </table> <p>As of 31st December 2023, the Company's order book stood at RM429.75 million, underscoring a solid pipeline of projects and contracts. This substantial order book provides visibility and stability for future revenue streams, positioning the Company for continued growth and success in the competitive market landscape. By the end of FYE 2023, E.A. Technique owns a total of 28 vessels. Notably, the Company executed a strategic disposal of one vessel through the Scheme of Arrangement concluded on 19th September 2023.</p>	Business Segment	Type of Vessel	Number of owned Vessel	Marine Transportation	Oil and Gas Tanker		Product tanker	2	Floating storage offloading	1	Offshore service vessel		Harbour tugboat	5	Fast crew boat	3	Crane barge	1	Port Marine Services	Marine Support Vessel		Harbour tugboat	11	Utility tugboat	3	Mooring tugboat	1				Steel pontoon	1	As above.	Ma	VL	Moderate
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																					
				I	L	I	L																				
5.1	Strategic Risk																										
2	Economic environmental risks	Overall, the economic environment is not favorable and challenging.	<p>Group financial results are as below:</p> <table border="1"> <thead> <tr> <th></th> <th>Q4 2022 (RM)</th> <th>Q4 2021 (RM)</th> <th>Variance %</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>41,726</td> <td>35,984</td> <td>16%</td> </tr> <tr> <td>Operating profit</td> <td>2,949</td> <td>19,830</td> <td>(85%)</td> </tr> <tr> <td>Profit/(Loss) Before Taxation</td> <td>11,914</td> <td>(104,163)</td> <td>(111%)</td> </tr> <tr> <td>Net Profit/(Loss)</td> <td>22,980</td> <td>(105,275)</td> <td>(122%)</td> </tr> </tbody> </table> <p>The Group recorded a revenue of RM41.7 million for the current quarter 31 December 2022 as compared to RM36.0 million in the previous corresponding quarter, an increase of RM5.7 million. The increase was due to spot charter contracts from the new tankers.</p> <p>The Group recorded Profit Before Tax of RM11.9 million for the quarter ended 31 December 2022, as compared to a Loss Before Tax of RM104.1 million in the previous corresponding quarter. Profit recorded in Q4 2022 mainly due to lower holding costs for laid up vessels and reversal of vessel impairment.</p> <p>The Group recorded a revenue of RM153.6 million for the year ended 31 December 2022 as compared to RM160.6 million in the previous corresponding year, resulted in decrease of RM7.0 million in revenue. Lower revenue mainly due to expiry of certain contracts.</p> <p>The Group recorded a profit before tax of RM9.0 million for the year ended 31 December 2022, as compared to a loss before tax of RM149.5 million in the previous corresponding year. The Profit Before Tax was mainly due to lower depreciation (certain assets reclassified to assets held for sale in December 2021 and disposed in 2022), gain on disposal of vessels and reversal of vessel impairment. In addition, there was impairment loss of one vessel under construction in FY2021.</p>		Q4 2022 (RM)	Q4 2021 (RM)	Variance %	Revenue	41,726	35,984	16%	Operating profit	2,949	19,830	(85%)	Profit/(Loss) Before Taxation	11,914	(104,163)	(111%)	Net Profit/(Loss)	22,980	(105,275)	(122%)	The strategies would be as covered and in congruence with recommendations made for Risk No.1.	Ma	L	Moderately High
	Q4 2022 (RM)	Q4 2021 (RM)	Variance %																								
Revenue	41,726	35,984	16%																								
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
2	Economic environmental risks (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024</p> <p>As at 31 December 2023, the Group's order book was RM186.4 million with additional RM269.2 million for extension period.</p> <p>The Company was awarded a contract by PETCO Trading Labuan Company Limited ("PTLCL") for Provision of Long-term Charter Coastal Vessel Services for new tankers on 8 May 2019. The duration of the contract is for a primary period of five years with five extension options of one year each at PTLCL's option. The contract value is approximately RM106.3 million, excluding the option period and this contract has commenced in February 2023.</p> <p>The Company was awarded two contracts by Sungai Udang Port Sdn Bhd ("SUPSB"), a whollyowned subsidiary of MISC Maritime Services Sdn Bhd via Letter of Award dated 27 July 2023 for the Provision and Operation of One Unit 25 Tonnes Bollard Pull Utility Tug and One Unit 40 Tonnes Bollard Pull Utility Tug for SUPSB ("Contracts"). The total value for both contracts are approximately RM12.62 million, excluding the option period. The duration of each of the Contracts will be for a primary period of two years with an option to extend for another period of one year upon expiry of the initial term thereof, to be exercised at SUPSB's option, at the same terms and conditions. The commencement date of both contracts is 1 August 2023.</p> <p>The Company was awarded a Contract extension by Northport (Malaysia) Bhd ("Northport") via a Letter of Extension dated 30 October 2023 for the Term Contract to Operate and Charter Two (2) ZPeller Harbour tug Boats. The contract duration will be for a primary period of one (1) year which shall commence in January 2024. The contract value is approximately RM6.35 million for the duration of the one (1) year.</p>	As above.	Ma	Vl	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
2	Economic environmental risks (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024</p> <p>The Company has recently been awarded a Contract extension by Petroleum Nasional Berhad (“PETRONAS”) via a Letter of Contract Amendment and Extension dated 7th November 2023. The Contract extension is for Term Contract For Provision For Supply And Operation Of Three (3) Harbour Tugs. The contract duration will be for a primary period of two (2) years which has commenced in December 2023. The contract value is approximately RM18.4 million for the duration of two (2) years.</p> <p>The above contracts of new tankers and tugboats will contribute positively to the earnings and net tangible assets of the Company for the financial year ended 31st December 2023 and beyond. The company continues to improve on operational efficiencies to maximise vessel's utilisation rate, implement cost savings and containment through strategic procurement program, ensure extension of existing contracts and practice effective cash management. Additionally, the Company is continuously seeking new business opportunities and contracts that will contribute positively to earnings stability and cash flow certainty.</p>	As above.	Ma	VL	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
3	Long term growth risk	The Group's business is essentially concentrated on marine transportation and offshore storage of oil and gas, and provision of port marine services.	<p>As at 31 December 2022, the Group's order book was RM300.0 million with additional RM333.8 million for extension period. Kindly refer Appendix I.</p> <p>The Company has been awarded a contract on 8th May 2019 by PETCO Trading Labuan Company Limited ("PTLCL") for Provision of Long-term Charter Coastal Vessel Services for new tankers. The duration of the contract is for a primary period of five years with five extension options of one year each at PTLCL's option. The contract value is approximately RMI59.28 million, excluding the option to renew. This contract is expected to commence tentatively in first quarter of year 2023. Hence, it is expected to contribute positively to the earnings and net tangible assets of the Company for the financial year ending 31 December 2023 and beyond.</p> <p>The Company continues to improve on operational efficiencies to maximise vessel's utilisation rate, implement cost savings and containment programs, ensure extension of existing contracts and effective cash management. Leveraging on the rising of oil prices globally, the Company is continuously looking for new businesses and contracts which will contribute positively to the earning stability and cash flow certainty.</p> <p>The Company is currently formulating a Proposed Regularisation Plan mainly comprise among others a workable debt restructuring plan under 'Scheme of Arrangement' and exploring the option to secure long term contract utilising current or new vessels.</p> <p>Status of Corporate Proposals</p> <p>The Board of Directors of the Company announced on 3rd October 2022 that the Company has completed the sale of a marine vessel, namely Nautica Kota Tinggi ("NKT") to Petroleum Gulf Energy Trading LLC ("PGET") for a total cash consideration of USD4.65</p>	The strategies would be as covered and in congruence with recommendations made for Risk No.1.	Ma	VL	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
3	5.1 Strategic Risk Long term growth risk (Cont'd)	As above.	<p>million or approximately RM21.61 million following the delivery of NKT to PGET on 29.09.2022 and the receipt of full payment by the Company on 3rd October 2022.</p> <p>The Board of Directors of the Company announced on 19th September 2022 that the Company had entered into a Memorandum of Agreement for the disposal of a marine vessel, namely Nautica Maharani ("NMH") to Glory International FZ-LLC ("Glory") for a cash consideration of USD4.20 million or approximately RM19.46 million. The Disposal has been completed following the delivery of NMH to Glory on 5th October 2022 and the receipt of full payment by the Company on 7th October 2022.</p> <p>The Board of Directors of the Company announced on 8th September 2022 that the Company had entered into a Memorandum of Agreement with Poet Shipbuilding & Engineering Pte Ltd for the proposed acquisition of a new tugboat, for a cash consideration of USD3.75 million or approximately RM17.01 million. Shareholders' approval for the proposed acquisition was obtained in an Extraordinary General Meeting held on 25th October 2022. The Company has taken delivery of the new tugboat from Poet on 12th January 2023 and the balance payment has been released to Poet on even date, marking the completion of the Acquisition.</p> <p>The Company had also obtained the approval of its shareholders at an EGM held on 12th September 2022 for the disposal of a marine vessel, namely Nautica Muar, to a non-related third party to be identified for a total cash consideration of at least USD4.86 million. Presently, the Company is in the midst of negotiations with several interested parties for the said disposal. The relevant announcements will be made in due course. As per the Circular to shareholders dated 26th August 2022, the Company has until 11th March 2023 to enter into a Memorandum of Agreement for the said disposal.</p>	As above.	Ma	VL	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
5.1	Strategic Risk						
3	Long term growth risk (Cont'd)	As above.	<p><u>Follow Up Status as of 27th May 2024</u></p> <p><u>Status of Corporate Proposals</u></p> <p>The Company obtained the approval of its shareholders at an EGM held on 12th March 2022, amongst others, for the disposal of marine vessel namely Nautica Muar (“NMR”), to an on related third party to be identified for a total cash consideration of at least USD4.86 million. The Company had until 11th March 2023 to enter into a Memorandum of Agreement (“MOA”) for the said disposal. On 9th March 2023, the Company entered into a MOA with Alpha Metallum DMCC (“Alpha”) for the disposal of NMR for a cash consideration of USD5.20 million (“NMR Disposal”). However, on 3rd May 2023, the Company decided to terminate the MOA dated 9th March 2023 for the NMR Disposal. This is due to the Company not receiving the deposit for the NMR Disposal from Alpha within the stipulated timeframe.</p> <p>On 27th June 2023, the Company entered into a MOA with Portland Vessels Ltd for the proposed disposal of NMR for a cash consideration of USD6.045 million or approximately RM27.89 million (“Proposed Disposal”). On 2nd August 2023, the Company issued its Circular to shareholders in respect of the Proposed Disposal. On 17th August 2023, the Company obtained its shareholders’ approval for the Proposed Disposal at an extraordinary general meeting. On 19th September 2023, the Proposed Disposal was completed following delivery of the vessel to buyer on 16th September 2023 and the receipt of full payment by the Company on 19th September 2023 from the escrow agent.</p>	As above.	Ma	VL	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING		
				I	L	I	L	
5.1	Strategic Risk							
4	Competition risk	Competition from other players in the industry.	<p>The OGSE industry in Malaysia is considered mature with the presence of established industry players. It has relatively high barriers to entry in the form of stringent regulatory requirements, sizeable capital requirements, high dependency on skilled workers and high technology intensity. OGSE industry players are required to obtain a valid licence from PETRONAS in order to supply goods or services to the upstream sector in the Malaysian oil and gas industry and the downstream sector of PETRONAS group of companies, including maritime activities.</p> <p>There are OGSE industry players that have already tapped into the equity market in Malaysia. For examples, Alam Maritim Resources Berhad, Dayang Enterprise Holdings Berhad, Deleum Berhad, Dialog Group Berhad, Handal Energy Berhad, ICON Offshore Berhad, Malaysia Marine and Heavy Engineering Berhad, Malaysian Bulk Carriers Berhad, Sapura Energy Berhad, Sealink International Berhad, TH Heavy Engineering Berhad and Uzma Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). In addition, some of these OGSE industry players including the abovementioned industry players already have track record in executing or securing project(s) overseas.</p> <p>In the increasingly competitive maritime business, the implementation of the group strategic goals is hindered by the shortage of talents to keep up with industry developments, especially in corporate and fleet management. As a result of demographic and economic changes, attracting the right talent will remain an ongoing challenge in the foreseeable future.</p>	--		Mi	L	Moderate
			<p>Follow Up Status as of 27th May 2024</p> <p>There are no further updates for Competition Risk.</p>	--		Mi	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																									
				I	L	MATRIX																									
5.2 Human Resource Risk																															
5	Continuity risk	Loss of key personnel without succession planning in place. Corporate Social Responsibility forge a stronger bond between employees and corporations (Social).	<p>According to Human Resources Manager, the Group has yet to establish a succession planning procedure. Succession Plan for identified positions to be developed and implemented. Directors may in turn delegate its role to or consult the HR Department to provide her expertise and advice to develop and execute its succession plan.</p> <p>The Board's should seek Management's involvement especially the Human Resource Department in assisting itself on the evaluation of Succession Planning.</p> <p>Nonetheless, the Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions.</p> <p>Since the COVID-19 endemic, the staff turnover rate decreased in 2024, 3.70% compared to FYE 2022, 25.61% and FYE 2023, 5.95% as per below:</p> <table border="1" data-bbox="1002 813 1171 1451"> <thead> <tr> <th colspan="4">Staff Turnover Rate (%)</th> </tr> <tr> <th colspan="2"></th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Resigned Staff</td> <td>5</td> <td>21</td> <td>24</td> </tr> <tr> <td>Total Headcount</td> <td>84</td> <td>82</td> <td>67</td> </tr> <tr> <td>Staff Turnover Rate</td> <td>5.95%</td> <td>25.61%</td> <td>35.82%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>23.81%</td> </tr> </tbody> </table> <p>Based on the above table, we noted the number of staff resignations has decreased from FYE 2021 (24) to 2022 (21).</p>	Staff Turnover Rate (%)						2022	2021	Resigned Staff	5	21	24	Total Headcount	84	82	67	Staff Turnover Rate	5.95%	25.61%	35.82%				23.81%	<p>Succession planning is a strategy for identifying and developing future leaders in the company, not just at the top but for major roles at all levels. It helps business prepare for all contingencies by preparing high potential workers for advancement.</p> <p>Management is recommended to establish and practice succession planning as a development process to ensure when critical openings occur, Company are ready to fill the positions with skilled and experienced internal candidates.</p> <p>Management is recommended to ensure that succession planning is linked to other talent management processes and practices, including job titling, training, compensation, learning and development and rewards and recognition.</p>	Ma	VL	Moderate
Staff Turnover Rate (%)																															
		2022	2021																												
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	MATRIX	MATRIX
5	5.2 Human Resource Risk Continuity risk (Cont'd)	As above.	<p>Also, the Group provides a comfortable and safe workplace for employees. The employees were furnished with necessary office equipment and safety precaution tools. Besides, Safety Officer and Environmental Officers were designated as part of the efforts to ensure the working place is free from safety threat and pollution.</p> <p>Further, the Group has continuous effort in social responsibility as below:-</p> <ul style="list-style-type: none"> i) Donation of RM5,000 to Masjid Sultan Iskandar (Sumbangan Dana Covid-19) to fight the Covid-19 pandemic. ii) Contribution of RM1,500 to Ikhtisas Kelautan Malaysia (IKMAL) as our initiative to donate kuih raya to our seafarers. iii) Beach Cleaning Program at Pantai Remis, Kuala Selangor. <p><u>Follow Up Status as of 27th May 2024</u></p> <p>Management have established the succession planning policy as a development process to ensure when critical openings occur, Company are ready to fill the positions with skilled and experienced internal candidates.</p> <p>Management ensure that the succession planning is linked to other talent management processes and practices, including job titling, training, compensation, learning and development and rewards and recognition.</p>	As above.	Ma	VL	Moderate
				--	Mi	Ps	Moderately Low



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																					
				I	L	I	L																				
5.2 Human Resources Risk																											
6	Retention risk	Loss of talent in key areas.	<p>Staff Turnover Rate</p> <table border="1"> <thead> <tr> <th colspan="3">Staff Turnover Rate (%)</th> </tr> <tr> <th></th> <th>2023</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Resigned Staff</td> <td>5</td> <td>21</td> <td>24</td> </tr> <tr> <td>Total Headcount</td> <td>84</td> <td>82</td> <td>67</td> </tr> <tr> <td>Staff Turnover Rate</td> <td>5.95%</td> <td>25.61%</td> <td>35.82%</td> </tr> </tbody> </table> <p>Based on the above table, we noted the number of staff resignations has decreased from FYE 2021 (24) to 2023 (5).</p> <p>Since the COVID-19 endemic, the staff turnover rate decreased in 2023, 5.95% compared to FYE 2021, 35.82% and FYE 2022, 25.61%. Currently, there are 84 number of workforces in the Group.</p> <p>We noted the Management have hired new talents in the year 2022 and 2023 to fill the vacancies as well as strengthen the Company workforce. Amongst the newly recruited employees are experienced personnel in the operation and technical area.</p> <p>Based on our interview with the Human Resources Manager, we noted the Group has performed manpower planning against budget requirement to ensure there is sufficient headcounts in all departments.</p> <p>A headcount budget is used to monitor the number of headcounts with the budgeted salary. Next, this information will then be forwarded to the Finance Department for the annual budget exercise.</p>	Staff Turnover Rate (%)				2023	2022	2021	Resigned Staff	5	21	24	Total Headcount	84	82	67	Staff Turnover Rate	5.95%	25.61%	35.82%	--		Ma	L	Moderate
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7	Knowledge/Competency risk	No update on latest methodology in areas of operations/services.																									



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS	RISK RATING																													
					I	L MATRIX																												
6	5.2 Human Resources Risk Retention risk	Loss of talent in key areas.	<p>Follow Up Status as of 27th May 2024</p> <p>Management have established the Manpower Planning and Headcount Budget which is used to monitor the number of headcounts with the budgeted salary</p> <table border="1"> <thead> <tr> <th colspan="4">Staff Turnover Rate</th> </tr> <tr> <th colspan="4">Staff Turnover Rate (%)</th> </tr> <tr> <th></th> <th>2024</th> <th>2023</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Resigned Staff</td> <td>3</td> <td>5</td> <td>21</td> </tr> <tr> <td>Total Headcount</td> <td>81</td> <td>84</td> <td>82</td> </tr> <tr> <td>Staff Turnover Rate</td> <td>3.70%</td> <td>5.95%</td> <td>25.61%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>35.82%</td> </tr> </tbody> </table> <p>Based on the above table, we noted the number of staff resignations has decreased from FYE 2021 (24) to 2024 (3).</p> <p>Since the COVID-19 endemic, the staff turnover rate decreased in 2024, 3.70% compared to FYE 2021, 35.82% and FYE 2022, 25.61%. Currently, there are 81 number of workforces in the Group.</p>	Staff Turnover Rate				Staff Turnover Rate (%)					2024	2023	2021	Resigned Staff	3	5	21	Total Headcount	81	84	82	Staff Turnover Rate	3.70%	5.95%	25.61%				35.82%	--	Mi	Po Moderately Low
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7	Knowledge/Competency risk	No update on latest methodology in areas of operations/ services.																																



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING											
				I	L	I	L										
8	Operational / control risks	Lack of tracking and controls in resulting wastage/spoilage/ financial loss. Wastage management and monitoring (Environmental)	<p>The Company strictly adheres to MARPOL guidelines for the segregation and disposal of waste generated by Marine Operations.</p> <p>The table below identifies the types of waste generated by the Company, and how they are disposed.</p> <table border="1"> <thead> <tr> <th>Type of Waste</th> <th>Point of Disposal</th> </tr> </thead> <tbody> <tr> <td>Food waste</td> <td>Grinded to a size smaller or equal to 25mm and disposed at sea from a distance of at least 12 nautical miles from the nearest land.</td> </tr> <tr> <td>Paper and sludge oil</td> <td>Disposed of through an onboard incinerator.</td> </tr> <tr> <td>Plastic, Incinerator ash, Other non-hazardous and solid waste</td> <td>Disposed at a disposal facility onshore and approved by local municipal.</td> </tr> <tr> <td>Cleaning solutions, Expired chemical products and large amount of sludge oil</td> <td>Disposed at a licensed facility approved by the Environmental Department.</td> </tr> </tbody> </table> <p>With the oil and gas industry recognised as one of the biggest contributors to carbon emissions, in 2020, PETRONAS announced its aspiration to achieve net zero carbon emissions by 2050. The International Maritime Organization is also intent of developing an ecosystem that demands accountability for Greenhouse Gases emissions, and targets to half carbon emissions by 2050.</p> <p>To play its part in achieving the targets, E.A. Technique is guided by its ISO 14001: 2018 Environmental Management System certification that outlines the framework and processes to manage, monitor and improve its environmental practices. The EMS is supported by the Company's Quality, Health, Safety and Environment and Protection Policy and Environmental Management</p>	Type of Waste	Point of Disposal	Food waste	Grinded to a size smaller or equal to 25mm and disposed at sea from a distance of at least 12 nautical miles from the nearest land.	Paper and sludge oil	Disposed of through an onboard incinerator.	Plastic, Incinerator ash, Other non-hazardous and solid waste	Disposed at a disposal facility onshore and approved by local municipal.	Cleaning solutions, Expired chemical products and large amount of sludge oil	Disposed at a licensed facility approved by the Environmental Department.	--	Mi	L	Moderate
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				I	L	I	L	
5.3	Operational Risk							
8	Operational / control risks (Cont'd)	As above.	<p>Manual that govern the marine and non-marine operations.</p> <p>With the Company's Zero Plastic goal for all vessels, crew members avoid using plastic whenever possible. In addition, they are trained on waste management practices and procedures regarding hazardous and non-hazardous wastes. To prompt the right action, information signages are placed at strategic locations on board vessels.</p> <p>In non-Marine Operations, hazardous waste consisted of used lubricants and hydraulic oil while non-hazardous waste was mainly in the form of scrap metal and discarded paint from shipbuilding activities. Since 2004, they have introduced material optimization initiatives for more efficient metal usage in shipbuilding business.</p> <p>The Company Spill Management manuals and plans guide them uphold this. In addition, they have monthly oil spill drills to ensure their vessels are in a state of readiness with robust emergency response units that can be activated in the event of an oil spill.</p> <p>Follow Up Status as of 27th May 2024</p> <p>There are no further updates for Operational/Control Risk.</p>	--	Mi	L	Moderate	
						Mi	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

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9	5.3 Operational Risk Safety, health and operational risks	Safety, fire, and other hazards at site.	<p>The Safety Management Manual (SMM) is authorized and approved by the Chief Executive Officer (CEO) on 23rd March 2022 for use on all vessels fully managed by the Company. The Company's Occupational Health and Safety (OHS) falls under the purview of the Corporate Health, Safety, Security, Environment and Quality (HSSEQ) Department, which reviews the Company OHS performance every quarter and develops action plans based on the findings.</p> <p>In addition, each vessel has a Health and Safety Committee that reports directly to the HSSEQ Department. The Committee, which is made up of representatives from the management and Marine Operations, promotes, reviews, and evaluates health and safety measures that exist onboard. HSSEQ Department regularly conducts OHS campaigns, audits and inspections that are communicated to vessels via memos, newsletters, and training materials. Onboard vessels, the Department appoints selected representatives and the captain to conduct OSH-related training.</p> <p>Follow Up Status as of 27th May 2024</p> <p>There are no further updates for Safety, health, and operational risks</p>	--		Mi	Ps	Moderately Low
10	Business Continuity Risk	Disruption in operations in the event of non-accessibility of office/ facilities.	<p>We noted there is an absence of the Business Continuity Plan. The documents are crucial to ensure business operations are without interruptions.</p> <p>Currently, E.A Technique is engaged with a 3rd party service provider on Cloud Backup namely "Microfocus". The service level agreement is effective from 1st September 2022 till 31st August 2023.</p> <p>Management have revised the Prevention & Contingency Plan for Covid-19 on 15th September 2022. This plan minimizes health and</p>	<p>The Business Continuity Plan should be prepared and reviewed periodically to ensure effectiveness and relevancy.</p> <p>For better order, all emergency and recovery procedures should be documented into a folder for reference.</p>		Mi	Ps	Moderately Low
						Ma	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

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5.3 Operational Risk																												
10	Business Continuity Risk (Cont'd)	As above.	<p>safety risk, including mitigation of risk involvement of ship spare part or material supply and also to guide EATECH's personnel in making necessary action to prevent, control and to response during incident occurred.</p> <p>This COVID-19 Prevention & Contingency Plan are focusing on three aspects of company's work process as follows:</p> <ul style="list-style-type: none"> a) Shore Based Management b) Shipboard Management c) Ship Spare Parts / Materials Supplies Management <p>Follow Up Status as of 27th May 2024</p> <p>There are no further updates for Business Continuity Risk.</p>	<p>Create a daily log on internet connectivity in order to be provided as a supporting document during grievances registering.</p>	Ma	L	Moderate																					
11	Loss of Company Asset	Disruption in operations in the event of loss of Company asset.	<p>Based on our review of the insurance agreement coverage and validity for Tanker, Tugboat, Fast Crew Boat, and FSU of the Group, we noted the insurance coverage are sufficient and valid as below: -</p> <p>Tanker</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name & Market Value</th> <th>Validity & Coverage</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Nautica Kluang 2 (USD 15,000,000)</td> <td>May 2023 & Feb 2024</td> </tr> <tr> <td>2)</td> <td>Nautica Pontian 2 (USD 15,000,000)</td> <td></td> </tr> </tbody> </table> <p>Tugboat</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name & Market Value</th> <th>Validity & Coverage</th> </tr> </thead> <tbody> <tr> <td>1)</td> <td>Nautica Tanjung Puteri I (USD 1,500,000)</td> <td></td> </tr> <tr> <td>2)</td> <td>Nautica Tanjung Puteri XI (USD 2,500,000)</td> <td>May 2023 & Feb 2024</td> </tr> <tr> <td>3)</td> <td>Nautica Tanjung Puteri XII (USD 2,500,000)</td> <td></td> </tr> </tbody> </table>	No.	Name & Market Value	Validity & Coverage	1)	Nautica Kluang 2 (USD 15,000,000)	May 2023 & Feb 2024	2)	Nautica Pontian 2 (USD 15,000,000)		No.	Name & Market Value	Validity & Coverage	1)	Nautica Tanjung Puteri I (USD 1,500,000)		2)	Nautica Tanjung Puteri XI (USD 2,500,000)	May 2023 & Feb 2024	3)	Nautica Tanjung Puteri XII (USD 2,500,000)		--	Ma	UL	Low
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

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				I	L	I	L	
12	5.4 Financial Risk Liquidity risk	Inadequate capital / cash flow problems for operations.	<p>Monthly Cash Flow Projections have been prepared for the next 5 financial years from 2022 till 2026 by the Head of Corporate Finance.</p> <p>Management had established Variance Report on quarterly basis in January 2022. The Budget Report based on Strategic Planning 2022 that approved by EATECH's Board of Directors.</p> <p>However, in the 3rd Quarter of 2022, Management had revisited the financial projection for the purpose of Regularisation Plan submission to Bursa. Upon completion of the Regularisation Plan submission, the Variance Report will be re-activated accordingly.</p> <p>Finance Department also monitors the actual performance against the budgeted performance and tracks the financial performance of the Company for the financial year 2022.</p> <p>This exercise is performed by the Finance Department by consolidating the information from the other departments and review by the Head of Corporate Finance before recommended by the CFO.</p> <p><u>Follow Up Status as of 27th May 2024</u></p> <p>There are no further updates for Liquidity Risk.</p>	--		Ma	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

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13	5.4 Financial Risk Credit risk	Default or very slow payment by Customers.	<p>Based on our review of the Debtors Ageing as of 31st October 2022, we noted for EATECH, outstanding collection that exceeded 60 days were approximately about 30.68% of total outstanding which amounted to RM1,904,272.</p> <p>EATECH</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>16,841</td> <td>0.27%</td> </tr> <tr> <td>1 – 30 days</td> <td>4,076,264</td> <td>65.67%</td> </tr> <tr> <td>31 – 60 days</td> <td>210,000</td> <td>3.38%</td> </tr> <tr> <td>61 – 90 days</td> <td>334,896</td> <td>5.40%</td> </tr> <tr> <td>91 – 120 days</td> <td>231,650</td> <td>3.73%</td> </tr> <tr> <td>>150 days</td> <td>1,337,726</td> <td>21.55%</td> </tr> <tr> <td>TOTAL</td> <td>6,207,377</td> <td>100.00%</td> </tr> </tbody> </table> <p>Further, the subsequent collection for debtors exceeded 60 days was from Petronas Carigali Sdn Bhd which was 11.54% of total outstanding.</p> <p>LPP</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>-</td> <td>-</td> </tr> <tr> <td>1 – 30 days</td> <td>161,503</td> <td>88.46%</td> </tr> <tr> <td>31 – 60 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>61 – 90 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>91 – 120 days</td> <td>-</td> <td>-</td> </tr> <tr> <td>>150 days</td> <td>21,070</td> <td>11.54%</td> </tr> <tr> <td>TOTAL</td> <td>182,573</td> <td>100%</td> </tr> </tbody> </table>	Age Bracket	(RM)	%	Current	16,841	0.27%	1 – 30 days	4,076,264	65.67%	31 – 60 days	210,000	3.38%	61 – 90 days	334,896	5.40%	91 – 120 days	231,650	3.73%	>150 days	1,337,726	21.55%	TOTAL	6,207,377	100.00%	Age Bracket	(RM)	%	Current	-	-	1 – 30 days	161,503	88.46%	31 – 60 days	-	-	61 – 90 days	-	-	91 – 120 days	-	-	>150 days	21,070	11.54%	TOTAL	182,573	100%	<p>24 out of 27 of the vessels are in long charter contracts with Petronas Group. Currently, payment duration from charterers is as per timeframe stated in the Contract.</p> <p>Management is recommended to set credit limits for debtors upon having business transactions with the company.</p> <p>Credit risk is minimized by monitoring the financial standing of the debtors on an ongoing concern basis through the review of receivables ageing.</p>	Ma	L	Moderate
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13	5.4 Financial Risk Credit Risk (Cont'd)	As above.	<p>For outstanding collection that exceeded 60 days period, Accounts Department aggressively chasing the payment including issuance of Letter of Demand to the respective debtors.</p> <p>Follow Up Status as of 27th May 2024</p> <p>We have reviewed Debtors Ageing as of 31st March 2024 for EATECH, outstanding collection that exceeded 5 months were approximately about 28.20% of total outstanding but for LPP and JSE, outstanding collection that exceeded 5 months were approximately about 0.7% and 22.65% of total outstanding.</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>2,690,727</td> <td>44.30%</td> </tr> <tr> <td>1 – 3 Months</td> <td>1,669,996</td> <td>27.50%</td> </tr> <tr> <td>4 – 6 Months</td> <td>1,712,352</td> <td>28.20%</td> </tr> <tr> <td>TOTAL</td> <td>6,073,075</td> <td>100%</td> </tr> </tbody> </table> <p>LPP</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>2,852,513</td> <td>99.3%</td> </tr> <tr> <td>1 – 3 Months</td> <td>-</td> <td>-</td> </tr> <tr> <td>4 – 6 Months</td> <td>21,070</td> <td>0.7%</td> </tr> <tr> <td>TOTAL</td> <td>2,873,583</td> <td>100%</td> </tr> </tbody> </table> <p>JSE</p> <table border="1"> <thead> <tr> <th>Age Bracket</th> <th>(RM)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>-</td> <td>-</td> </tr> <tr> <td>1 – 3 Months</td> <td>296,423</td> <td>77.35%</td> </tr> <tr> <td>4 – 6 Months</td> <td>86,797</td> <td>22.65%</td> </tr> <tr> <td>TOTAL</td> <td>383,220</td> <td>100%</td> </tr> </tbody> </table>	Age Bracket	(RM)	%	Current	2,690,727	44.30%	1 – 3 Months	1,669,996	27.50%	4 – 6 Months	1,712,352	28.20%	TOTAL	6,073,075	100%	Age Bracket	(RM)	%	Current	2,852,513	99.3%	1 – 3 Months	-	-	4 – 6 Months	21,070	0.7%	TOTAL	2,873,583	100%	Age Bracket	(RM)	%	Current	-	-	1 – 3 Months	296,423	77.35%	4 – 6 Months	86,797	22.65%	TOTAL	383,220	100%	As above.	Ma	L	Moderate
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13	5.4 Financial Risk Credit Risk (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024 (Cont'd)</p> <p>Management had established Call Log to record all follow up action taken by Finance & Account on the outstanding debtors.</p> <p>Further, EATECH have issued LOD to the following debtors:</p> <p>Berkat Petroleum Sdn Bhd The LOD was unsuccessfully served due to Berkat had moved out and the place is occupied by someone else.</p> <p>Kindly refer Appendix VII.</p> <p>Surva Nautika Sdn Bhd EATECH have issued a LOD, and both parties have entered into a Settlement Agreement.</p> <p>Kindly refer Appendix VIII and IX.</p>	As above.	Ma	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
14	5.4 Financial Risk Financial regulatory risk	Inability to comply with Bursa regulations leading to penalties / fines / PN 17 status	<p>On 25th February 2022, the Company announced to Bursa Malaysia Securities Berhad (Bursa) that the Company is classified as a PN17 issuer as it has triggered the prescribed criteria pursuant to Paragraph 8.04 of the Chapter 8, Paragraph 2.1(a), and Paragraph 2.1(c) of PN17 of the Listing Requirements. Pursuant to PN17, the Company is required to submit a regularisation plan to either Bursa or Securities Commission (SC) for approval within 12 months from the announcement date and to complete the implementation of the plan within the timeframe set by Bursa or SC.</p> <p>Currently, the Company is in the midst of formulating a regularisation plan to address its financial condition.</p> <p>On 18th February 2022, the Company had filed an Originating Summons at the High Court pursuant to Section 366 and Section 368 of the Act in applying for a scheme of arrangement for the Company's debt restructuring exercise.</p> <p>On 28th February 2022, the High Court had granted the following orders to the Company:</p> <p>i) Restraining order pursuant to Section 368 of the Act ("Restraining Order") for a period of three months which is valid until 28th May 2022. A Restraining Order is an order granted by the court which suspends all legal proceedings against the Company to preserve the status quo of any pending legal proceeding and for legal proceeding not to commence during this interim period. It will also preserve the assets of the Company as an opportunity should the provided to restructure and rehabilitate the Company; and</p>	There should be continual monitoring on the active legal cases of the Group.	Ma	L	Moderately High



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
14	5.4 Financial Risk Financial regulatory risk (Cont'd)	As above.	<p>ii) an order pursuant to Section 366(1) of the Act to summon meetings of the creditors of the Company or any class of them (“Scheme Creditors”) for the purpose of considering and, if thought fit, approving the scheme of arrangement and compromise between the Company and the creditors (“Court Convened Meeting” or “CCM”). Permission is given to the Company to hold the CCM within three months from the date of this order.</p> <p>The Board of Directors of the Company announced on 4th January 2023, that the Company has obtained from the High Court of Malaysia at Kuala Lumpur the following Order pursuant to section 366 of the Companies Act 2016 to sanction the Company’s scheme of arrangement (“Order”).</p> <p>The Scheme of Arrangement contained in the Explanatory Statement, read together with the Updated List of Adjudicated Scheme Debts of the Company and the Errata dated 30.11.2022, is approved and sanctioned by this Honorable Court so as to be binding upon the Company, and the Scheme Creditors.</p> <p>The Order Sanction granted by the High Court between E.A. Technique (M) Berhad and Global Marine & Offshore Sdn Bhd; and Karina Shipping Ltd, JSE (Johor Shipyard and Engineering Sdn Bhd) and LPP (Libra Perfection Sdn Bhd) has been listed as part of the scheme creditors.</p> <p>Within the Sanction, the explanatory statement dated 11th November 2022 noted that EATECH is undertaking the following programmes to accumulate the funds:</p>	As above.	Ma	L	Moderately High



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																											
				I	L	I	L																										
14	5.4 Financial Risk Financial regulatory risk (Cont'd)	As above.	<p>i) Asset Disposal Programme</p> <p>The Asset Divestment Program has been commenced and ongoing for the Company. It involves the sale of identified vessels over the next 12 months from Lodgement Date (3rd December 2022).</p> <p>The following vessels has been executed the agreement for sale:</p> <table border="1"> <thead> <tr> <th rowspan="2">Date</th> <th rowspan="2">Vessel</th> <th colspan="2">Amount</th> </tr> <tr> <th>USD'mil</th> <th>RM'mil</th> </tr> </thead> <tbody> <tr> <td>2nd April 2022</td> <td>M.T. Nautica Batu Pahat</td> <td>3.1</td> <td>13.59</td> </tr> <tr> <td>10th May 2022</td> <td>M.T. Nautica Renggam</td> <td>5.05</td> <td>21.87</td> </tr> <tr> <td>20th June 2022</td> <td>M.T. Nautica Kota Tinggi</td> <td>4.65</td> <td>21.61</td> </tr> <tr> <td>19th September 2022</td> <td>M.T. Nautica Maharani</td> <td>4.2</td> <td>19.46</td> </tr> <tr> <td colspan="2">Total</td> <td>17</td> <td>76.53</td> </tr> </tbody> </table> <p>*M.T. Nautica Muar is still in negotiation and pursuing buyers.</p> <p>ii) Fund-Raising Exercise</p> <p>The Fund-Raising Exercise will be carried out as part of EATECH's regularisation plan to be submitted to Bursa Securities pursuant to PN17. EATECH is expected to take no more than 18 months from the Lodgement Date to procure relevant requisite approvals from Bursa Securities and its shareholders in order to carry out and complete the Fund-Raising Exercise as part of its regularisation plan.</p>	Date	Vessel	Amount		USD'mil	RM'mil	2nd April 2022	M.T. Nautica Batu Pahat	3.1	13.59	10th May 2022	M.T. Nautica Renggam	5.05	21.87	20th June 2022	M.T. Nautica Kota Tinggi	4.65	21.61	19th September 2022	M.T. Nautica Maharani	4.2	19.46	Total		17	76.53	As above.	Ma	L	Moderately High
Date	Vessel	Amount																															
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	I	L
14	5.4 Financial Risk Financial regulatory risk (Cont'd)	As above.	<p>Follow Up Status as of 27th May 2024</p> <p>The Group PN17 status remained a priority of the Company corporate agenda, reflecting their commitment to restoring investor confidence, unlocking opportunities, and repositioning the Company for sustained growth and competitiveness within the industry.</p> <p>They have formulated and submitted a Proposed Regularisation Plan which is currently pending Bursa Securities' approval and decision. This plan encompasses strategic initiatives aimed at rectifying their financial position and achieving compliance with regulatory requirements.</p> <p>A pivotal component to their Proposed Regularisation Plan is the implementation of a Scheme of Arrangement ("SOA") for debt restructuring purposes. They are pleased to report that the SOA received sanction from the High Court of Malaya at Kuala Lumpur on 4 January 2023. Subsequently, the sealed SOA was lodged with the Companies Commission of Malaysia. As part of the SOA's debt repayment strategy, E.A. Technique initiated the asset disposal program which entails the divestment of five (5) vessels, namely, Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi, Nautica Maharani, and Nautica Muar. The exercise was completed in third quarter of 2023, being the completion of the last vessel, Nautica Muar marking a central step towards fulfilling the Company debt restructuring obligations and advancing the Company PN17 upliftment efforts.</p>	As above.	Ma	L	Moderate



SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING																																
				I	L	I	L																															
15	IT Security	Loss of critical data leading to disruption in operations/business.	<p>Company have established the following IT Policies and Procedures to ensure that transfer of knowledge is available and continuity of the business process as below:-</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Policies</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Acceptable Use Policy</td> <td>Outlines the acceptable use of computer equipment and inappropriate use of information system and risk it may cause.</td> </tr> <tr> <td>2</td> <td>Change Management Policy</td> <td>Outlines the changes to an information system are managed, approved, and tracked.</td> </tr> <tr> <td>3</td> <td>Incident Response Policy</td> <td>Outlines an organization response to an information security incident.</td> </tr> <tr> <td>4</td> <td>Remote Access Policy</td> <td>Outlines the remote access to ensure minimize potential exposure from damages that result from unauthorized use of resources.</td> </tr> <tr> <td>5</td> <td>Vendor Management Policy</td> <td>Outlines the process to acquire vendors and how to manage all of company's vendor.</td> </tr> <tr> <td>6</td> <td>Password Creation and Management Policy</td> <td>Outlines on developing, implementing, and reviewing a documented process for appropriately creating, changing, and safeguarding strong and secure password used to verify user identities.</td> </tr> <tr> <td>7</td> <td>Network Security Policy</td> <td>Outlines a specific procedure for conducting information system and network activity review on periodic basis.</td> </tr> <tr> <td>8</td> <td>Access Authorization, Modification, and Identity Access Management Policy</td> <td>Outlines the process for establishing, documenting, reviewing, and modifying access to system and sensitive information.</td> </tr> <tr> <td>9</td> <td>Backup Policy</td> <td>Outlines the set of rules and procedures that describe the strategy when backup copies of data for safekeeping.</td> </tr> </tbody> </table>	No.	Policies	Description	1	Acceptable Use Policy	Outlines the acceptable use of computer equipment and inappropriate use of information system and risk it may cause.	2	Change Management Policy	Outlines the changes to an information system are managed, approved, and tracked.	3	Incident Response Policy	Outlines an organization response to an information security incident.	4	Remote Access Policy	Outlines the remote access to ensure minimize potential exposure from damages that result from unauthorized use of resources.	5	Vendor Management Policy	Outlines the process to acquire vendors and how to manage all of company's vendor.	6	Password Creation and Management Policy	Outlines on developing, implementing, and reviewing a documented process for appropriately creating, changing, and safeguarding strong and secure password used to verify user identities.	7	Network Security Policy	Outlines a specific procedure for conducting information system and network activity review on periodic basis.	8	Access Authorization, Modification, and Identity Access Management Policy	Outlines the process for establishing, documenting, reviewing, and modifying access to system and sensitive information.	9	Backup Policy	Outlines the set of rules and procedures that describe the strategy when backup copies of data for safekeeping.	--		Ma	UL	Low
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SECTION 5: DETAILED ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

NO	MAIN RISK GROUP	ISSUES OF CONCERNS	OBSERVATIONS	MITIGATION PROCESS		RISK RATING	
				I	L	MATRIX	MATRIX
16	Loss of data risk	Inadequate backup of critical data.	<p>The backup configuration of EATECH is performed daily at 10pm. It is a combination of incremental and full back up. The database in EATECH will be stored in the server which will then be stored in the Cloud Backup.</p> <p>Furthermore, there is a log of backup being extracted from the backup server whereby in the event of failure to backup, the IT Executive will be notified and perform a manual backup.</p> <p>On another note, a restoration testing is being performed by the 3rd party namely Microfocus to check on the integrity of data being backup. There were no issues with the data integrity.</p> <p>We noted there is an IT Policy relating to data back-up and Disaster Recovery Procedure.</p> <p>Management have documented the Disaster Recovery Plan. The plan record policy and/or processes that is designed to assist an organization in executing recovery processes in response to a disaster to protect business IT infrastructure and more generally promote recovery.</p> <p><u>Follow Up Status as of 27th May 2024</u></p> <p>There are no further updates on the IT Risk since there is an IT Policy relating to data back-up and Disaster Recovery Procedure.</p> <p>On daily basis, the backup configuration of EATECH is performed at 10pm.</p> <p>There were no issues with the data integrity.</p> <p>Disaster Recovery Plan in place to protect business IT infrastructure and more generally promote recovery.</p>	--	Ma	UL	Low
17	Disaster recovery risk	Disruption in event of disaster/denial of access to premises/system.					



APPENDIX I – DETAILS OF VESSEL CONTRACTS

1) MT. Nautica Kluang 2

Charterer : Petronas Trading Corporation Sdn Bhd (PETCO)
 Period : 5 years
 Optional : 5 years
 Rate (RM) : 43,750 /day
 Revised Rate (RM) : 43,600 /day
 Off hire rate :
 Assumption : Commenced on hire with Petco in January 2023

Start Date	End Date
1-Jan-22	31-Dec-26
01-Jan-27	31-Dec-31

Firmed period
 Optional period

2) MT. Nautica Pontian 2

Charterer : Petronas Trading Corporation Sdn Bhd (PETCO)
 Period : 5 years
 Optional : 5 years
 Rate (RM) : 43,750 /day
 Revised Rate (RM) : 43,600 /day
 Off hire rate :
 Assumption : Commenced on hire with Petco in January 2023

Start Date	End Date
1-Feb-22	31-Jan-27
01-Feb-27	31-Jan-32

Firmed period
 Optional period

3) MT. Tg. Puteri I

Charterer : Petronas - Keroh Port Sdn Bhd
 Period : 5 years
 Optional : 2 years
 Rate (RM) : 8,000 /day
 Revised Rate (RM) : 8,000 /day
 Off hire rate :

Start Date	End Date
1-Jan-19	30-Nov-23
01-Dec-23	30-Nov-25

Firmed period
 Optional period

4) MT. Tg. Puteri XXII

Charterer : Petronas - Keroh Port Sdn Bhd
 Period : 5 years
 Optional : 2 years
 Rate (RM) : 8,550 /day
 Revised Rate (RM) : 8,250 /day 5% reduction
 Off hire rate :

Start Date	End Date
1-Jan-19	30-Nov-23
01-Dec-23	30-Nov-25

Firmed period
 Optional period



APPENDIX I – DETAILS OF VESSEL CONTRACTS (CONT'D)

5) MT. Nautica Tg. Puteri XI

Charterer : PG Timur Sdn Bhd
 Time charter period : 2 years
 Time charter optional : 1 year
 Rate (RM) : 8,750 /day
 Off hire rate :

Start Date	End Date
1-Oct-23	30-Sep-25
01-Oct-25	30-Sep-26

Time charter : Firmed
 Time charter : Optional
 Time charter : Interim period

6) MT. Nautica Tg. Puteri XII

Charterer : PG Timur Sdn Bhd
 Time charter period : 2 years
 Time charter optional : 1 year
 Rate (RM) : 8,750 /day
 Off hire rate :

Start Date	End Date
1-Oct-23	30-Sep-25
01-Oct-25	30-Sep-26

Time charter : Firmed
 Time charter : Optional
 Time charter : Interim period

7) MT. Nautica Tg. Puteri XV

Charterer : Sg Udang Port Sdn Bhd
 Time charter period : 2 years
 Time charter optional : 1 year
 Rate (RM) : 9,200 /day
 Off hire rate :

Start Date	End Date
1-Aug-23	31-Jul-25
1-Aug-25	31-Jul-26

Time charter : Firmed
 Time charter : Optional

8) MT. Nautica Tg. Puteri XVI

Charterer : Sg Udang Port Sdn Bhd
 Time charter period : 2 years
 Time charter optional : 1 year
 Rate (RM) : 8,100 /day
 Off hire rate : 10%

Start Date	End Date
1-Aug-23	31-Jul-25
1-Aug-25	31-Jul-26

Time charter : Firmed
 Time charter : Optional



APPENDIX I – DETAILS OF VESSEL CONTRACTS (CONT'D)

9) MT. Nautica Tg. Puteri XVII

Charterer	: Petronas - Petronas Penapisan (Terengganu) Sdn Bhd		
Period	: 5 years	Firmed period	Start Date
Optional	: 2 years	Optional period	End Date
Rate (RM)	: 9,200 /day		1-Dec-18
Revised Rate (RM)	: 9,000 /day		01-Dec-23
Diver Services (RM)	: 70,540		30-Nov-23
Management Fee (RM)	: 3,527		30-Nov-25
Off hire rate	: 5% reduction		

10) MT. Nautica Tg. Puteri XVIII

Charterer	: Sungai Ulang Port Sdn Bhd		
Period	: 5 years	Firmed period	Start Date
Optional	: 3 years	Optional period	End Date
Rate (RM)	: 2,000 /day		1-Feb-22
Off hire rate	:		1-Feb-27

11) MT. Nautica Tg. Puteri XXX

Charterer	: Kersani Nusantara Sdn Bhd		
Period	: 21 months	Firmed period	Start Date
BBC Rate (RM)	: 8,500 /day		End Date
Assumption	: Commence BBC contract on 01/01/2024		1-Jan-24
			30-Sep-25

12) Nautica Tg. Puteri XIX

Charterer	: Northport Malaysia Bhd		
Period	: 6 years	Firmed period	Start Date
Optional	: 1 year	Optional period	End Date
Rate (RM)	: 8,700 /day		1-Dec-17
Revised Rate (RM)	: 8,700 /day		11-Jan-24
Off hire Rate	: 0% reduction		10-Jan-25



APPENDIX I – DETAILS OF VESSEL CONTRACTS (CONT'D)

13) Nautica Tg. Puteri XX

Charterer : Northport Malaysia Bhd
 Period : 6 years
 Optional : 1 year
 Rate (RM) : 8,700 /day
 Revised Rate (RM) : 8,700 /day 0% reduction
 Off hire Rate :

Start Date	End Date
1-Dec-17	27-Jan-24
28-Jan-24	27-Jan-25

Firmed period
 Optional period

14) Nautica Tg. Puteri XXI

Charterer : Northport Malaysia Bhd
 Period : 7 years
 Optional : 2 years
 Rate (RM) : 8,550 /day
 Revised Rate (RM) : - /day 5% reduction
 Off hire Rate :

Start Date	End Date
1-Dec-17	30-Nov-24
01-Dec-24	31-Dec-26

Firmed period
 Optional period

15) Nautica Tg. Puteri XXIV

Charterer : Northport Malaysia Bhd
 Period : 8 years
 Optional : 2 years
 Rate (RM) : 8,850 /day
 Off hire Rate : 7%/10%

Start Date	End Date
1-Dec-17	31-Mar-25
01-Apr-25	31-Mar-27

Firmed period
 Optional period

16) Nautica Tg. Puteri XXV

Charterer : Northport Malaysia Bhd
 Period : 8 years
 Optional : 2 years
 Rate (RM) : 8,850 /day
 Off hire Rate : 7%/10%

Start Date	End Date
1-Dec-17	31-Mar-25
01-Apr-25	31-Mar-27

Firmed period
 Optional period

17) Nautica Tg. Puteri XXVI

Charterer : Northport Malaysia Bhd
 Period : 8 years
 Optional : 2 years
 Rate (RM) : 8,850 /day
 Off hire Rate : 7%/10%

Start Date	End Date
1-Dec-17	31-Mar-25
01-Apr-25	31-Mar-27

Firmed period
 Optional period



APPENDIX I – DETAILS OF VESSEL CONTRACTS (CONT'D)

18) Nautica Ig. Puteri XXVII

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 2 years
 Optional : 2 years
 Rate (RM) : 18,750 /day
 Off hire Rate :

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period

19) Nautica Ig. Puteri XXIII

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 2 years
 Optional : 2 years
 Rate (RM) : 15,750 /day
 Off hire Rate : 7%

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period

20) Nautica Ig. Puteri XXVIII

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 2 years
 Optional : 2 years
 Rate (RM) : 18,750 /day
 Off hire Rate : 7%

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period

21) Nautica Ig. Puteri XXIX

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 2 years
 Optional : 2 years
 Rate (RM) : 18,750 /day
 Off hire Rate : 7%

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period

22) Nautica Ig. Puteri XXXVII

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 2 years
 Optional : 2 years
 Rate (RM) : 15,750 /day
 Assumption : Contract with PFLNG is on-call basis. 1 time per month, minimum 3 days every on-call.

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period



APPENDIX I – DETAILS OF VESSEL CONTRACTS (CONT'D)

23) MV Nautica Gambir

Charterer : Marine Creation Sdn Bhd / Enquest
 Period : 5 Months
 Optional : 1 + 1 + 1 month
 Rate (RM) : 16,500 /day
 Revised Rate (RM) : - /day 5% reduction
 Off hire Rate :

Start Date	End Date
30-Dec-23	31-May-24
1-Jun-24	30-Sep-24

Firmed period
 Optional period

24) MV Nautica Langsat

Charterer : Marine Creation Sdn Bhd/Petronas Carigali Sdn Bhd
 Period : 123 Days
 Optional : 258 Days
 Rate (RM) : 17,000 /day
 Revised Rate (RM) : - /day 5% reduction
 Off hire Rate :

Start Date	End Date
1-Jul-23	30-Nov-24
1-Dec-23	31-Aug-24

Firmed period
 Optional period

25) Nautica Tg. Puteri XXXVIII

Charterer : Sg Udang Port Sdn Bhd
 Period : 5 years
 Optional : 3 years
 Rate (RM) : 10,200 /day
 Off hire Rate :

Start Date	End Date
1-Apr-22	31-Mar-27
1-Apr-27	31-Mar-30

Firmed period
 Optional period

Third party Vessel

26) Ayyaz Satu

Charterer : PETRONAS FLOATING LNG 1 (L) LTD
 Period : 1 year
 Optional : 2 years
 Rate (RM) : 16,750 /day
 Assumption : Contract with PFLNG is on-call basis. 1 time per month, minimum 3 days every on-call.

Start Date	End Date
1-Nov-22	31-Oct-24
1-Nov-24	31-Oct-26

Firmed period
 Optional period



APPENDIX II – DETAILS OF VESSEL INSURANCE COVERAGE

NO	VESSEL NAME	MMS (Insurance Brokers)		
		H&M	MHI	P&I
A	TANKER			
1	Nautica Kluang 2	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
2	Nautica Pontian 2	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
B	TUGBOAT			
1	Nautica Tg. Puteri I (1)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
2	Nautica Tg. Puteri XI (11)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
3	Nautica Tg. Puteri XII (12)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
4	Nautica Tg. Puteri XV (15)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
5	Nautica Tg. Puteri XVI (16)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
6	Nautica Tg. Puteri XVII (17)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
7	Nautica Tg. Puteri XVIII (18)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
8	Nautica Tg. Puteri XIX (19)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
9	Nautica Tg. Puteri XX (20)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
10	Nautica Tg. Puteri XXI (21)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
11	Nautica Tg. Puteri XXII (22)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
12	Nautica Tg. Puteri XXIII (23)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
13	Nautica Tg. Puteri XXIV (24)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
14	Nautica Tg. Puteri XXV (25)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
15	Nautica Tg. Puteri XXVI (26)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
16	Nautica Tg. Puteri XXVII (27)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
17	Nautica Tg. Puteri XXVIII (28)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
18	Nautica Tg. Puteri XXIX (29)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025
19	Nautica Tg. Puteri XXXVII (37)	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025



APPENDIX II – DETAILS OF VESSEL INSURANCE COVERAGE (CONT'D)

NO	VESSEL NAME	MMS (Insurance Brokers)		
		H&M	MII	P&I
C	FAST CREW BOAT			
1	Nautica Tg. Puteri XXX (30)	01/09/2023 - 15/02/2024	N/A	20/02/2024 - 20/02/2025
2	Nautica Gambir	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
3	Nautica Langsat	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
D	FSU/ FPSO			
1	FOIS Nautica Tembikai	22/05/2023 - 21/05/2024	22/05/2023 - 21/05/2024	20/02/2024 - 20/02/2025
E	NEW FLEET			
1	Nautica Tg. Puteri XXXVIII (38)	22/05/2023 - 21/05/2024	N/A	20/02/2024 - 20/02/2025



APPENDIX III – DETAILS OF BUSINESS LICENSE OF RENTED PROPERTIES

No.	Tenant	Registered owner	Address	Tenure / Expiry of Lease	Description and existing use	Rented area / land area	Rented area	Rental per month (RM)
1.	EATECH	Kertih Port Sdn Bhd	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan, Kuala Terengganu	3 years tenancy commencing from 1 September 2020 and expiring on 31 August 2023.	Parcel of office / business remises	Built-up: 331 Land area: N/A	331	1,264.35
2.	EATECH	Dato' Ahmad Fathiri Bin Ahmad Fadzliah	Unit C-3-3, Unit C-3 - 3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	2 years tenancy commencing from 1 November 2020 and expiring on 31 October 2022	Commercial unit at third (3rd) floor of a five (5) – storey office block held or our office use	Built-up: 3,283 Land area: N/A	3,283	8,260.00
3.	EATECH	Northport (Malaysia) Bhd	Level 1, Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor	2 years tenancy commencing from 1 July 2021 and expiring on 30 June 2023	Office space at first (1st) floor of Marine Services Building for office use	Built-up: 697 Land area: N/A	697	1,498.55
4.	EATECH	Wan Kamariah Binti Abu Bakar	No 38-1, Jalan Setiawangsa 11A, Taman Setiawangsa, 54200 Kuala Lumpur	2 years tenancy commencing from 1 November 2022 and expiring on 31 October 2024	Office space at first (1st) floor for archiving purpose	Built-up: 1,646 Land area: N/A	1,646	2,000.00
5.	EATECH	Sumber Shipyards and Engineering Sdn Bhd	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	20 years tenancy expiring on 30 November 2032 with an option to renew for another 10 years	Option which included but not limited to ship construction, repairs and all such shipyard activities and other related activities	Built-up: 13,000 Land area: N/A	13,000	14,700.00

APPENDIX IV – INTERNAL CONTROL REVIEW AND RISK MANAGEMENT REPORT (CONT'D)



No.	Tenant	Registered owner	Address	Tenure / Expiry of Lease	Description and existing use	Rented area / land area	Rented area	Rental per month (RM)
6.	EATECH	Oasis Marine Enterprise (Sg. Udang office)	Lot 1255, Batu 91/2 Pantai Kundur, 76400 Tanjung Keling, Melaka	1 year tenancy commencing from 1 July 2022 and expiring on 30 June 2023	Office space for port operations at Sg. Udang	Land area: N/A	10x20 sqf	800.00
7.	EATECH	Ng Mui Kyun (Kota Kinabalu Office)	Lot 16-2, Lorong Lintas Plaza, Lintas Plaza, 88300 Kota Kinabalu, Sabah	1 year tenancy commencing from 1 October 2022 and expiring on 30 September 2024	Office space for port operations at Kota Kinabalu	Land area: N/A	103sq.m	700.00



APPENDIX IV – SETTLEMENT AGREEMENT

WA-22NCC-619-11/2022 Encl. No. 9
R0272101 WA1323104625 08/03/2023 10:00:04
DALAM MAHKAMAH TINGGI MELAKA KUALA LUMPUR
TSPO58.....300.00 x 1
DALAM NEGERI WILAYAH PERSEKUTUAN KUALA LUMPUR,
MALAYSIA

(BAHAGIAN DAGANG)
GUAMAN SIVIL: WA-22NCC-619-11/2022

ANTARA

SUMBER SHIPYARD AND ENGINEERING SDN. BHD.
(NO. SYARIKAT: 2006801001643 (802927-K)PLAINTIF

DAN

JOHOR SHIPYARD AND ENGINEERING SDN. BHD.
(NO. SYARIKAT: 200701041544 (799576-U)DEFENDAN

DLHADAPAN HAKIM DALAM KAMAR
LIZA CHAN SOW KENG MELALUI PLATFORM SIDANG
PADA 3 FEBRUARI 2023 VIDEO SECARA ZOOM

PERINTAH PERSETUJUAN
(KANDUNGAN 1)

TINDAKAN INI telah ditetapkan untuk penggunaan kes pada hari ini dengan kehadiran Lena Chik bagi pihak Plaintiff dan Muhammad Izyad Bin Ramli bagi pihak Defendant.





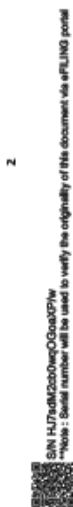
APPENDIX IV – SETTLEMENT AGREEMENT (CONT'D)

MAKA ADALAH PADA HARI INI DIPERINTAHKAN SECARA PERSETUJUAN bahawa kedua-dua parti telah bersetuju untuk satu penyelesaian secara berbaik-baik dengan terma-terma seperti dibawah:

1. Bahawa Defendan akan membayar kepada Pihaklir Jumlah sebanyak RM1,665,151.75, untuk tunggakan pembekalan tenaga kerja, dalam lapan (8) ansuran setiap bulan bermula dari Mei 2023, bayaran ansuran seperti jadual dibawah:

No	Tarikh	Jumlah Bayaran
1	30 Mei 2023	RM200,000-00
2	30 Jun 2023	RM200,000-00
3.	30 Julai 2023	RM200,000-00
4	30 Ogos 2023	RM200,000-00
5	30 September 2023	RM200,000-00
6	30 October 2023	RM200,000-00
7	30 November 2023	RM200,000-00
8	30 Disember 2023	RM265,151-75
	JUMLAH	RM1,665,151.75

2. Bahawa Defendan akan membayar kepada Pihaklir Jumlah keseluruhan sebanyak RM907,725.00 yang mana bayaran-bayaran tersebut adalah untuk tunggakan sewa





APPENDIX IV – SETTLEMENT AGREEMENT (CONT'D)

bulanan sebanyak RM404,250-00 (teripada Januari 2021 – Disember 2022) beserta dengan sewa bulanan semasa sebanyak RM503,475.00 mengikut tarikh dan bulan masing-masing ("current monthly rental"), diiam jumlah dua puluh empat (24) bayaran ansuran bermula dari Januari 2023 mengikut bayaran ansuran seperti jadual di bawah:

No.	Bulan	Bayaran Poet Dated Cheque (Waris Kuning Sahaja)	Sewa Bulanan (FULLY PAID)	Ansuran(RM)
1A	Dec 2022	15/12/2022	Disember 2020	18,375.00
1	Jan 2023	15/01/2023	Januari 2021	18,375.00
2	Feb 2023	30/01/2023	Januari 2023	18,375.00
		15/02/2023	Februari 2021	18,375.00
		28/02/2023	Februari 2023	18,375.00
3	Mar 2023	15/03/2023	Mac 2021	18,375.00
		30/03/2023	Mac 2023	18,375.00
4	Apr 2023	15/04/2023	April 2021	18,375.00
		30/04/2023	April 2023	18,375.00
5	May 2023	15/05/2023	Mei 2021	18,375.00
		31/05/2023	Mei 2023	18,375.00
6	Jun 2023	15/06/2023	Jun 2021	18,375.00
		30/06/2023	Jun 2023	18,375.00
7	Jul 2023	15/07/2023	Julai 2021	18,375.00
		30/07/2023	Julai 2023	18,375.00
8	Aug 2023	15/08/2023	Ogos 2021	18,375.00
		30/08/2023	Ogos 2023	18,375.00
9	Sep 2023	15/09/2023	September 2021	18,375.00
		30/09/2023	September 2023	18,375.00
10	Oct 2023	15/10/2023	Oktober 2021	18,375.00
		30/10/2023	Oktober 2023	18,375.00
11	NOV 2023	15/11/2023	November 2021	18,375.00
		30/11/2023	November 2023	18,375.00
12	Dec 2023	15/12/2023	Disember 2021	18,375.00
		30/12/2023	Disember 2023	18,375.00
13	Jan 2024	15/01/2024	Januari 2022	18,375.00
		30/01/2024	Januari 2024	18,375.00
14	Feb 2024	15/02/2024	Februari 2022	18,375.00
		28/02/2024	Februari 2024	18,375.00

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APPENDIX IV – SETTLEMENT AGREEMENT (CONT'D)

15	March 2024	15/03/2024	Mac 2022	18,375.00
		30/03/2024	Mac 2024	18,375.00
16	April 2024	15/04/2024	April 2022	18,375.00
		30/04/2024	April 2024	18,375.00
17	May 2024	15/05/2024	Mei 2022	18,375.00
		30/05/2024	Mei 2024	19,293.75
18	June 2024	01/06/2024	Jun 2022	18,375.00
		30/06/2024	Jun 2024	19,293.75
19	July 2024	01/07/2024	Julai 2022	18,375.00
		30/07/2024	Julai 2024	19,293.75
20	Aug 2024	01/08/2024	Ogos 2022	18,375.00
		30/08/2024	Ogos 2024	19,293.75
21	Sep 2024	01/09/2024	September 2022	18,375.00
		30/09/2024	September 2024	19,293.75
22	Oct 2024	01/10/2024	Oktober 2022	18,375.00
		30/10/2024	Oktober 2024	19,293.75
23	Nov 2024	01/11/2024	November 2022	18,375.00
		30/11/2024	November 2024	19,293.75
24	Dec 2024	01/12/2024	Disember 2022	18,375.00
		30/12/2024	Disember 2024	19,293.75
JUMLAH				907,725.00

3. Sekiranya Defendan gagal dan/atau Ingkar membayar mana-mana ansuran seperti yang dinyatakan di perenggan (1) dan (2) diatas, maka baki jumlah yang perlu dibayar berserta dengan faedah pada kadar 5% daripada tarikh pengakhiran hendaklah dibayar serta-merta dan Plaintiff diberi hak untuk menguatkuaa dan menuntut luggangkan dengan segera.





APPENDIX IV – SETTLEMENT AGREEMENT (CONT'D)

- 4. Defendan akan menyerahkan kesemua cek-cek ('post-dated cheque') seperti yang tertera pada perenggan (1) dan (2) diatas, kepada Plaintiff dalam 7 hari daripada tarikh Penghakiman Pensestujuan Ini.
- 5. Surat penamatan Perjanjian Pajakan yang disetujui oleh peguamcara Plaintiff pada 17.10.2022 adalah dibatalkan dan Perjanjian Pajakan bertarikh 22.4.2014 dan Perjanjian tambahan antara Plaintiff dan Defendan adalah bertakut-takut dan ditamatkan oleh kedua-dua pihak.
- 6. Tiada Perintah terhadap kos. Kos ditanggung pihak masing-masing.

Bertarikh pada 3 Februari 2023



NORHAINA BINTI ZULKIFLI
Penolong Kanan Pendaftar
Mahkamah Tinggi Malaysia
Kuala Lumpur
Pencatat Kanan Pendaftar
Mahkamah Tinggi Malaysia
Kuala Lumpur

PERINTAH PERSETUJUAN ini telah dirailkan oleh Tetuan Shu Y'in, Teh & Taling. Peguamcara bagi pihak Plaintiff yang tersebut diatas dan beralamat untuk penyampaian di No. 3A-1, Jalan KP 1/6, Taman Kajang Prima, 43000 Kajang, Selangor

Tel: 03-8741.1907 Fax: 03-8741.1903 (Ruj: VS/1868/2021)


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S/N: HJ7dM220WpCGa80P1w
Note: QR number will be used to verify the originality of this document via ePLING portal



APPENDIX V – SUCCESSION PLANNING POLICY AND PROCEDURES

 HUMAN RESOURCES / ADMINISTRATION DEPARTMENT STANDARD POLICY AND PROCEDURE	
Circular No.	: H/RA/MEMO/POU/14/22 Page No. : Page 1 of 4
Issuing Department	: Human Resources/Admin. Date : 30 November 2022
Authorised by	: Chief Financial Officer (CFO)
Subject	: SUCCESSION PLANNING POLICY

Policy on Succession Planning
 To have a written policy on Succession Planning for E.A. Technique (M) Berhad and its subsidiaries.

The policy is to ensure the availability of a pipeline of successors for critical positions and continuity of organizational success.

The succession planning program provides the identification, development and training of selected employees who will assume the identified key and critical positions within the Company. Selected employees will be sourced from existing pool of resources and/or external recruitment.

This program covers all key and critical positions in E.A. Technique (M) Berhad and its subsidiaries.

Effective Date This policy will be effective immediately.

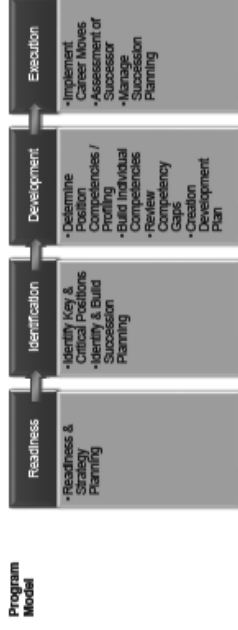
Objectives of Succession Planning

- To anticipate the need to identify specific replacement personnel for key and critical positions
- Allow for a creation of certain standards and qualification needed for our future leaders.
- Offer the Management a structured way to review and guide potential leaders.
- Improve identified successor's understanding of the potential career path available and development needed.
- Able to improve retention, morale and morale of workforce.
- To plan development or recruiting activities to assure adequate substitute or replacement personnel for the key and critical positions.
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises.
- Identify high potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Provide a continuous flow of talented people to meet the Company's management needs.



APPENDIX V – SUCCESSION PLANNING POLICY AND PROCEDURES (CONT'D)

 HUMAN RESOURCES / ADMINISTRATION DEPARTMENT STANDARD POLICY AND PROCEDURE	
Circular No. :	HRA/ME/OP/UT/422
Page No. :	Page 2 of 4



Key Elements in Implementing Succession Planning

1. Identification of Successor
 - Potential employee, typically one level below identified for their performance and potential for advancement
 - The selection focuses on the following performance criteria, professional development and personal and leadership attributes.
 - The candidates must possess the right aptitude and potential to satisfy the requirements under the Key Competencies Indicators (KCIs) for the position concerned.
 - The candidates must meet the requirements on academic qualification, specific job knowledge and competence, technical skills and experience of the position concerned.
 - The candidates must be on the job grade not more than two grades below the position concerned.
 - The candidates must satisfy the personal attributes of probity reputation and character, and is of financial soundness and independence.
 - The identification of key positions and successors will be done by Human Resources in collaboration with respective Head of Department / Head of Division / CEO.
 - Inventory of possible candidates ("High Potentials" / "Talent Pools")
 - Identify candidates (or "High Potential") – those who meet the succession criteria and are ready to assume the position
 - Intermediate candidates (or "Talent Pool") – existing staff who possess the necessary attributes under succession planning requirement to replace the incumbent within 2-3 years.
 - Long term candidates (or "Talent Pool") – junior executive staffs who could be groomed through systematic training and job exposure/attachment to replace the incumbent at appropriate time i.e., executives recruited under the Graduate Trainee Scheme or equivalent.



APPENDIX V – SUCCESSION PLANNING POLICY AND PROCEDURES (CONT'D)

	
HUMAN RESOURCES / ADMINISTRATION DEPARTMENT STANDARD POLICY AND PROCEDURE	
Circular No. :	HR/AMEMO/POU/14/22 Page No. : Page 3 of 4

2. Identifying Key and Critical Positions
 - Key or Critical Positions refer to positions of influence such as Senior Management, Head of Division, Head of Department, Section/Unit Head and other positions deemed important by the Management.
 - Need to analyze what are the competencies and experience needed to qualify for each key and critical position.
3. Developing Job Specification, Key Competencies and its Indicators
 - The Key Competencies Indicators for succession planning are the underlying behavioral indicators used to gauge the readiness of the employees and must be identified and clearly described.
 - It also comprises the competencies in areas such as business operations, managerial know-how and key leadership behavior.
 - The indicators are to match with the job specification and mismatch should be minimized to narrow the skill gap.
4. Identification of Competency Gaps
 - Identified the Successors Competency Gaps compare to the Key and Critical Position's Competencies.
5. Creation of Development Plans
 - How to help the identified successor develop over time
 - A comprehensive accelerated learning and development programs shall be developed for the potential successors to cater for the fulfillment of competency gaps of the candidates for succession planning program. It shall also include targeted job assignment, special projects and formal training programs (internal or external).
6. Assessment of Successors
 - Review of Competency Gaps
 - An efficient, reliable audit/review of the competency gaps shall be conducted to ensure that the succession planning program is on track. Assessment to be done on the achievement and/or failure against the Key Competencies Indicators.
 - Assessment of Successor
 - Individual capabilities are evaluated against the established criteria such as level of competence in the job, readiness to assume the position and personal and leadership attributes.
 - "Trial Run"
 - An opportunity should be provided to the selected successors to assume or perform the actual job functions in the succession planning's targeted position, normally this is done when the incumbent goes on long leave. The Candidates' performance during the trial run will be assessed.
7. Development Monitoring & Review
 - To review progress of identified successor and to refresh or revise the plan where necessary



APPENDIX V – SUCCESSION PLANNING POLICY AND PROCEDURES (CONT'D)

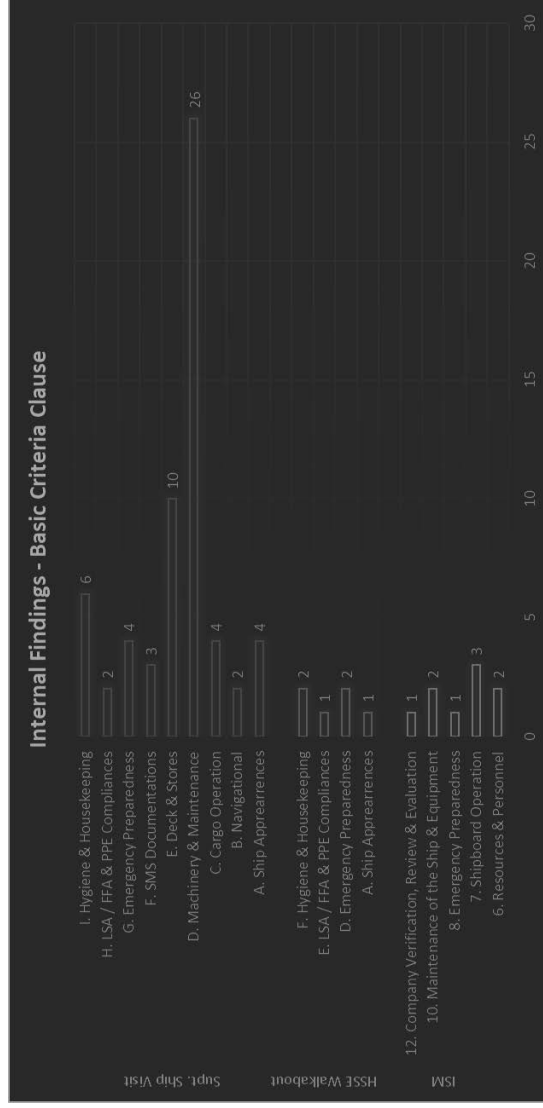
 HUMAN RESOURCES / ADMINISTRATION DEPARTMENT STANDARD POLICY AND PROCEDURE	
Circular No. :	HRA/MEMO/POU/1422 Page No. : Page 4 of 4

Procedures

- Meeting with the key positions' current job holders to :
 - a. review results from the previous year's succession planning efforts"
 - b. plan for the present year's process.
 - c. shares relevant demographics and pinpoint areas in which predictable turnover, resulting from retirements or other changes that will lead to special needs for succession planning.
(Note : Not applicable for 1st year implementation)
- Distribute forms and establish due dates for their completion.
- Identify the potential successor and the respective development areas and readiness.
- The forms will be completed and return to HR.
- Periodical visibility with Senior Management/HODs to review progress in developing identified successors throughout their areas of responsibility.
- As need arises, the database will be accessed as a source of possible successors in the organization.

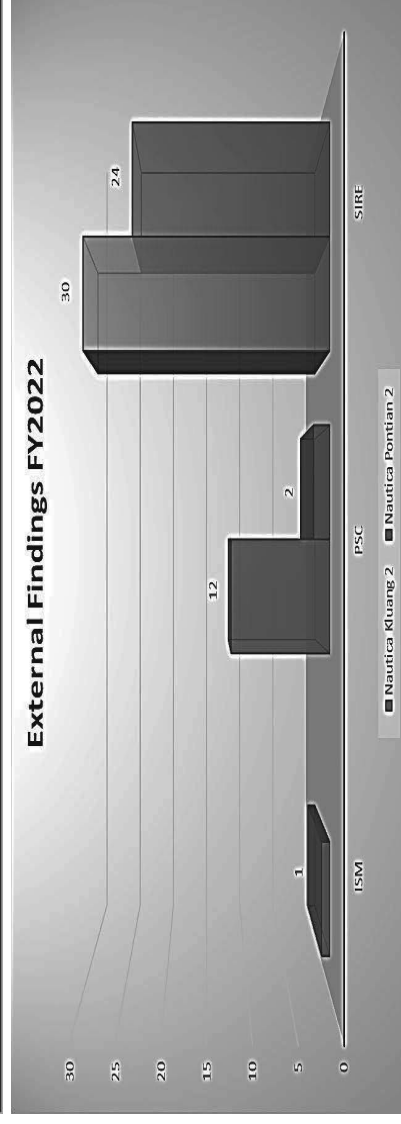
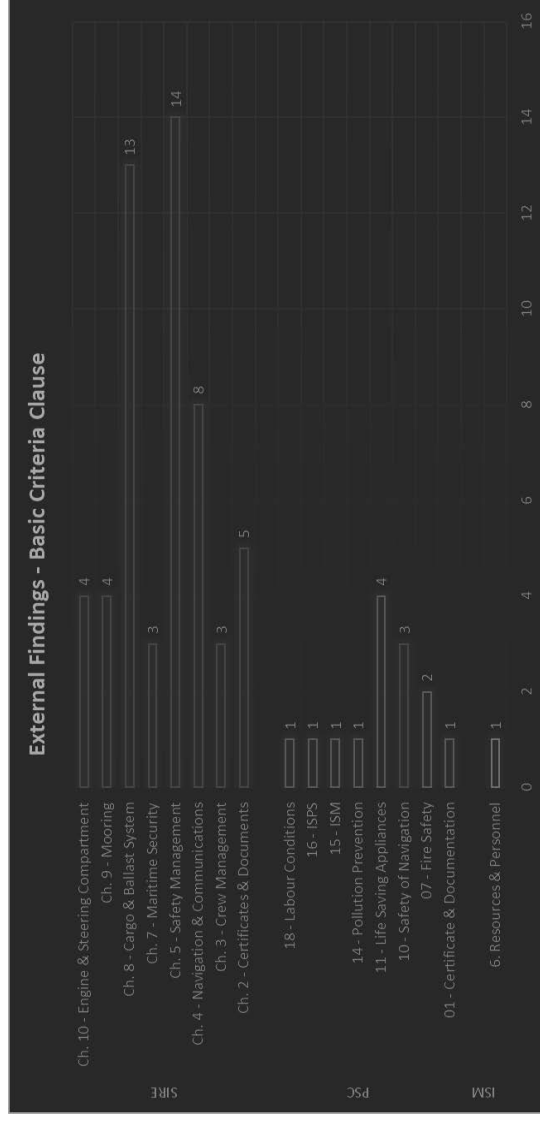


APPENDIX VI – TRENDS AND ANALYSIS OF INTERNAL AND EXTERNAL FINDINGS





APPENDIX VI – TRENDS AND ANALYSIS OF INTERNAL AND EXTERNAL FINDINGS (CONT'D)





APPENDIX VII – LOD TO BERKAT PETROLEUM SDN BHD



No. 2, Presiaran Teraswasa 1
Taman Tasik Dillibangsa
53200 Kuala Lumpur, Malaysia
Tel: 03-4023 4545
Fax: 03-4023 3440
Email: info@ariffco.com.my
Web: www.ariffco.com.my

Wan Hilwanie Ariff
Chiah Kam Chai
Hadjira Ahmad
Shahla Nasser Ahmad

Aliyah Mohamad Asri
N Sabriyah Aliah N. Mubammad

Syed Aliq Syed Alhakeri
Amaliah Binti Syifa Mahmood
Mubajir Waziriah Mohdwanie

Our Ref: 27AGC22519

25th November 2022

Your ref: BPSB/HLR/03/10/19/AAK

BERKAT PETROLEUM SDN BHD

BY HAND

Spg 100, First Floor
Unit 18, Block E, Alvia Complex
Jalan Jerudong, BC3122
Negera Brunei Darussalam

Attention: Amalina Binti Aid Khalid, Chief Executive Officer

Dear Sirs,

DEMAND FOR AMOUNT DUE AND OWING TO E.A. TECHNIQUE (M) BERHAD AS A RESULT OF NON-PAYMENT OF CHARTER HIRE BY BERKAT PETROLEUM SDN BHD

We act for E.A. TECHNIQUE (M) BERHAD ("Client"), the registered owner of the vessel Nautica Tg. Puteh XXXIII, IMO No: 9237450 ("Vessel"). We are instructed by our Client as follows:

2. Pursuant to BIMCO Time Charter Party (Supplytime 2005) Agreement dated 23 March 2018 ("CPA") entered between you, Berkat Petroleum Sdn Bhd ("Charterer") and our Client, our Client had agreed to charter the Vessel to you subject to the terms and conditions of the CPA.

3. The salient terms of the CPA are as follows:
 a. Period of Charter – 6 months
 b. Charter Hire – BND 77,000 per month
 c. Payment of Charter Hire – 14 days from the date of invoice

4. Pursuant to the CPA, our Client had issued you the invoices no. 18590733, 18270733, 18306733 and 18360733 as stated in Table 1 below, details of which are well within your knowledge:

TABLE 1

Invoice No.	Date	Amount
18590733	27/03/2018	RM130,000.00
18270733	01/07/2018	BND77,000.00
18306733	01/09/2018	BND77,000.00
18360733	03/09/2018	BND77,000.00

5. You had on 1-8-2018 made payment for the invoice No: 18270733 but failed to make payment for the rest of the invoices.



APPENDIX VII – LOD TO BERKAT PETROLEUM SDN BHD (CONT'D)

ARIFF & Co.

2

25 November 2022

6. Vide a letter of demand dated 26 August 2019 ("Letter of Demand"), Messrs Ho & Lenny Rahman, the solicitors acting for our Client at the material time, had demanded from you the outstanding sum for the Invoices no. 18090733, 18270733 and 18360733 owed by you to our Client.
7. Vide two letters dated 22 October 2019 issued by you, you had, inter alia, written to our Client the followings:
 - a. Proposal payment schedule to our Client to reimburse BND1,000.00 per month until the full outstanding sum is covered.
 - b. Challenge outstanding owed to our Client to offset the amount owed to our Client pursuant to invoice (ref no. BPSB/S/EAT/11/18/03) for the amount unpaid by our Client to you.
8. Messrs Ho & Lenny Rahman had issued a response letter dated 11 November 2019 ("Response Letter 1") to you as instructed by our Client to, inter alia, inform you that our Client was not agreeable to the terms of the proposed schedule of payment stated in your letter dated 22 October 2019 and had counter proposed that payment shall be made in lump sum in at least two monthly instalments commencing from end of November 2019.
9. Our Client had at all material time denied that they owe any amount to you and vide another letter dated 27 November 2019 ("Response Letter 2") from Messrs Ho & Lenny Rahman issued to you, our Client had demanded that you forward the alleged supporting documents with regards to the payment purportedly owed by our Client to you, which is denied, within three working days from the date of the letter, failing which our Client will claim for the full amount as per the Letter of Demand to you.
10. As of today, the sum owed and payable by you to our Client is as follows:

Invoice No.	Date	Amount (RM)
18090733	27/03/2018	120,000.00
Total sum owed:		120,000.00

Invoice No.	Date	Amount (BND)
18360733	01/08/2018	77,000.00
18360733	03/09/2018	77,000.00
Total sum owed:		154,000.00
11. Pursuant to clause 12 (e) of the CPA, if payment is not received within 5 banking days following the due date, our Client is entitled to charge interest at the rate of 1% per month as stated in Box 25 on the amount outstanding from and including the due date until payment is received.
12. As of to date, our Client has not received any payment for the outstanding sum owed by you to our Client and are entitled to charge the interest as per Box 25.
13. As you have failed, neglected, and/or refused to comply with the Letter of Demand, Response Letter 1 and Response Letter 2, our Client deemed that you did not intend to carry out and complete your



APPENDIX VII – LOD TO BERKAT PETROLEUM SDN BHD (CONT'D)

ARIFF & Co.

3

25 November 2022

obligations under the CPA and is in default of the CPA, entitling our Client to exercise their rights under the CPA.

14. We are instructed to demand from you, which we hereby do, that you pay to our Client **within FOURTEEN (14) days from the date of this letter** the sum of **RM120,000.00 and BND154,000.00** together with 1% interest per month thereon calculated from the due date till date of full settlement.

15. **TAKE NOTICE** that if you fail to pay the abovesaid amount **within 14 (FOURTEEN) days from the date of this letter**, we have our Client's strict instruction to take necessary legal action to enforce our Client's rights without reference and/or further notice to you, in which event you shall be liable for all costs, fees and interests incurred thereto.

16. **TAKE FURTHER NOTICE** that in addition to the above, our Client hereby reserves the right to claim special and general damages arising from the said breach as aforesaid.

17. In the interim, all our Client's rights are expressly reserved.

Thank you,

Yours faithfully,

M/S Ariff & Co.

cc:
E.A. TECHNIQUE (M) BERHAD
En Nasrul Asri
Chief Executive Officer
Via email Only



APPENDIX VIII – LOD TO SURYA NAUTIKA SDN BHD

ABDUL RAHMAN AZUBIR & CO
ADVOCATES & SOLICITORS
PENGUJIAN & PENYERAHAN

PRINCIPAL:
Ahmad Adzharul Bari Abdul Samad

LEGAL ASSISTANT:
Muhammad Izzatullah Bin M

CORRESPONDENCE:
Suite 11.1, Jln. Ampang, Dataran 5,
Seri Ampang, 11500, Pulau Pinang,
11000 Kuala Lumpur,
Malaysia. Tel: (604) 414 7911, (604) 414 7908
Fax: (604) 414 7910
Email: info@rahmanazubir.com

BY HAND BY POST BY REGISTERED BY COURIER CERTIFICATE OF POSTING BY EMAIL

Your Ref : (Please Advise)
Our Ref : AM/107729/BAV/12/2022
Date : 12.12.2022

SURYA NAUTIKA SDN BHD
Menara DUA Bangsar,
A-15-5, 100.3 Jalan Bangsar Utama 1,
59000 Kuala Lumpur.

ABDUL RAHMAN AZUBIR & CO
SUAJUKAN
No. 11.1, Jln. Ampang, Dataran 5,
Seri Ampang, 11500, Pulau Pinang,
11000 Kuala Lumpur,
Malaysia. Tel: (604) 414 7911, (604) 414 7908
Fax: (604) 414 7910
Email: info@rahmanazubir.com

DATE : 12 / 12 / 22

RE: AMOUNT DUE AND OWING TO E.A. TECHNIQUE (M) BERHAD OF RM1,397,379-67 BEING SERVICE RENDERED TO SURYA NAUTIKA SDN BHD

We refer to the above matter wherein we act for E.A. TECHNIQUE (M) BERHAD of Seliaavanga Business Suites, Unit C-3A-3A, No.2 Jalan Setiaavanga 11, Taman Setiaavanga 54200 Kuala Lumpur (hereinafter referred to as "our Client").

We have been informed by our Client that until to date you still indebted to our Client the sum of RM1,397,379-67 being a charter hire for one (1) vessel own by our Client to your goods as namely as Nautika Tg. Puteri XXX as per BHC Contract dated 26.10.2021 of which the details are well within your knowledge.

We are further instructed by our Client that despite our Client's repeated demands, you have failed neglected and/or refused to pay to the said sum to our Client.

TAKE NOTICE that you are to settle the sum of RM1,397,379-67 with the interest of 5% per annum calculated from the date of 09.12.2022 until a full and final settlements reaches together with the sum of RM500-00 being the costs of this notice to us, as our Client's solicitors within fourteen (14) days from the date hereof, failing which, we have our Client's strict instructions to commence legal proceedings against you without further references.

For the avoidance of doubt, our entire Client's rights are hereby reserved.

Thank you.
Yours faithfully,

MESSRS ABDUL RAHMAN AZUBIR & CO.



APPENDIX IX – SETTLEMENT AGREEMENT OF EATECH WITH SURYA NAUTIKA SDN BHD

THIS AGREEMENT is made the 3rd day of 3 2023

BETWEEN:

(1) E.A. Technique (M) Bhd, (Company No. 199301001779 (256516-W), of Seksawangsa Business Suites, Unit C-3A-3A, No 2, Jalan Seksawangsa 11, Taman Seksawangsa, 54200 Kuala Lumpur, Malaysia ("the Creditor")

AND

(2) Surya Nautika Sdn Bhd (Company No.: 199801007179 /379525-K), of A-15-5, Menara UCA Bangsar, No 5 Jalan Bangsar Utama 1, 59000Kuala Lumpur, Malaysia ("the Debtor")
(Collectively the "Parties", and individually a "Party")



WHEREAS

(A) The Creditor has supplied the Debtor with a fast crew boat namely Nautika Tg Putei XXX under the terms of a Bimoo Standard Bareboat Charter dated 26th October, 2021 (the "Contract"), pursuant to which the Creditor has issued invoices totalling RM1,127,378.67, the details of the invoices are as follows ("the Invoices");

Item No	Invoice No	Amount(MYR)
1	22201130	378.67
2	22239130	210,000.00
3	22279130	217,000.00
4	22298130	217,000.00
5	22363130	210,000.00
6	22391130	217,000.00
7	22438130	56,000.00
Total		1,127,378.67

(B) To date, an amount of RM1,127,378.67 remains owing under the Invoices ("the Debt"). The Debtor irrevocably warrants that it is indebted to the Creditor with respect to the Debt, the liability for which the Debtor hereby admits and acknowledges forthwith without set off, counter-claim, deduction, discount, abatement, rebate or reduction.

(C) Pursuant to the terms set out in this Agreement, the Parties wish to effect a full and final settlement of the Debt.



APPENDIX X – ANNUAL SUPPLIER EVALUATION

NO	DATE	SUPPLIER	POINT (%)
1	31/12/2023	ADEL ENG. CONSULTANCY	91
2	31/12/2023	AFLEX SHIPS EQUIPMENTS SDN BHD	87
3	31/12/2023	AIMS GLOBAL MARINE & HEAVY ENGINEERING	95
4	31/12/2023	AJH SUPPLY ENTERPRISE	94
5	31/12/2023	ALS TECHNICHEM (MALAYSIA) SDN BHD	94
6	31/12/2023	ALZ MARINE VENTURE	75
7	31/12/2023	AMCEAN MARINE SUPPLY	80
8	31/12/2023	AMIGOZ SINGAPORE P/L	81
9	31/12/2023	ANSACTECH (M) SDN BHD	88
10	31/12/2023	B.COOKE & SON LTD	82
11	31/12/2023	BARAKAH RELIABILITY SDN BHD	93
12	31/12/2023	BAYU LUBRICANT & MARINE	91
13	31/12/2023	BERG PROPULSION PTE LTD	79
14	31/12/2023	BH LOGISTIC & SERVICES (M) SDN BHD	85
15	31/12/2023	BLACKPEARL SUBSEA SERVICES (M) SDN BHD	88
16	31/12/2023	BOLD MULTIPLEX WORKSHOP	75
17	31/12/2023	BORNEO SUBSEA SERVICES (MALAYSIA) SDN BHD	78
18	31/12/2023	BRANSSTROMS (S) PTELTD	75
19	31/12/2023	BUREAU VERITAS (M) SDN BHD	95
20	31/12/2023	C.K. DIESEL FUEL PUMP SERVICE SDN BHD	70
21	31/12/2023	CADENCENERGY SDN BHD	76
22	31/12/2023	CHALLENGE POWER EQUIPMENT LTD	77
23	31/12/2023	CHAMPSURE RESOURCES SDN BHD	94



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
24	31/12/2023	CHONGQING CUMMINS ENGINE PARTS CO LTD	94
25	31/12/2023	CHONGQING OGEM TRADING CO.,LTD	94
26	31/12/2023	COC MARINE SDN BHD	88
27	31/12/2023	CPU HOSES & HYDROMATIC SDN BHD	93
28	31/12/2023	CUMMINS SALES AND SERVICES SDN BHD	80
29	31/12/2023	D. PUBLIC POST EXPRESS SDN BHD	94
30	31/12/2023	DAITTI HARDWARE SDN BHD	85
31	31/12/2023	DELTON MARINE PTE LTD	83
32	31/12/2023	DEXCO ENGINEERING & SERVICES	82
33	31/12/2023	DIESEL POWER TECHNOLOGIES (M) SDN BHD	93
34	31/12/2023	E. W. LINER CHARTS & PUBLICATION PTE LTD	93
35	31/12/2023	EB MACHINERY LTD	80
36	31/12/2023	ENERGY WORKFORCE SDN BHD	94
37	31/12/2023	EXCLUSIVE HORIZON (M) SDN BHD	94
38	31/12/2023	F&H TREND RESOURCES	94
39	31/12/2023	FECO ENGINEERING SDN BHD	93
40	31/12/2023	FOO TYE ELECTRICAL ENGINEERING SDN BHD	94
41	31/12/2023	FUMAR MARINE SERVICES PTE LTD	79
42	31/12/2023	FY BINA ENTERPRISE	73
43	31/12/2023	GENERAL PROPELLER SDN BHD	87
44	31/12/2023	GERBANG MAYA MARINE SERVICES	72
45	31/12/2023	GOFORTH CORPORATION SDN BHD	70
46	31/12/2023	GOODWILL TECHNICAL SERVICES PTE. LTD	80



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
47	31/12/2023	GRADE ONE MARINE SHIPYARD SDN BHD	85
48	31/12/2023	GRANDE SERVICES & APPLIANCES	87
49	31/12/2023	H.E.M. SINGAPORE	90
50	31/12/2023	HAFZA ENLI SDN BHD	91
51	31/12/2023	HAMUDI MARITIME SDN BHD	81
52	31/12/2023	HB SAFETY EQUIPMENT SDN BHD	85
53	31/12/2023	HEMPEL (MALAYSIA) SDN BHD	83
54	31/12/2023	HW PETROLEUM (BUNKERING) SDN BHD	94
55	31/12/2023	HYDRA ADMIRAL SDN BHD	83
56	31/12/2023	IDEAL NAUTICARE	94
57	31/12/2023	IDRISKO TECHNOLOGY SDN BHD	87
58	31/12/2023	ILHAM MARINE SERVICES	71
59	31/12/2023	IMK MARINE SERVICES SDN BHD	91
60	31/12/2023	IMSE UTAMA (M) SDN BHD	86
61	31/12/2023	INDEX-COOL CORPORATION (M) SDN BHD	86
62	31/12/2023	INLAND BEST SDN BHD	92
63	31/12/2023	INTEGRATUS SDN BHD	94
64	31/12/2023	INTERNATIONAL PAINT SDN BHD	85
65	31/12/2023	IPOH PRIMA MEDIC SDN BHD	94
66	31/12/2023	JAPAN MARINE (S) PTE LTD	79
67	31/12/2023	JATI MARINE SUPPLY	84
68	31/12/2023	JJ-LAPP (M) SDN BHD	75
69	31/12/2023	JOHOR SHIPYARD AND ENGINEERING SDN BHD	93
70	31/12/2023	K.U.T. DIESEL (PTE) LTD	71



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
71	31/12/2023	KAH HENG INDUSTRIES SDN BHD	80
72	31/12/2023	KEISHA MARINE EAST MALAYSIA SDN BHD	93
73	31/12/2023	KEISHA MARINE SERVICES SDN BHD	93
74	31/12/2023	KEJURUTERAAN PURNAMA SDN BHD	94
75	31/12/2023	KEN-DE ENGINEERING WORKS	71
76	31/12/2023	KIARA MARINE SDN BHD	85
77	31/12/2023	KOMACHINE CO.,LTD	85
78	31/12/2023	KOPA MARINE SERVICES CO., LTD	92
79	31/12/2023	KRUVENT INDUSTRIES (M) SDN BHD	84
80	31/12/2023	LAKER ENGINEERING PTE LTD	83
81	31/12/2023	LEE SENG HARDWARE MACHINERY PTE. LTD	86
82	31/12/2023	LEONG INSPECTION SERVICES	84
83	31/12/2023	LH ENERGY ENGINEERING	70
84	31/12/2023	LUMEN TECHNOLOGIES SOLUTION	77
85	31/12/2023	MAJUTA WORKS SDN BHD	84
86	31/12/2023	MARINE CHANDLER SDN BHD	93
87	31/12/2023	MARINE DIESEL CARE ENGINEERING SDN BHD	94
88	31/12/2023	MARINERSWORK SDN BHD	95
89	31/12/2023	MARITEC PTE LTD	94
90	31/12/2023	MARS AIRCOND & PARTS	77
91	31/12/2023	METALLIC ENGINEERING (F.E) PTE LTD	90
92	31/12/2023	MIAO YANG MARINE SDN BHD	80
93	31/12/2023	MISC MARITIME SERVICES SDN BHD	95
94	31/12/2023	MRA DYNAMIC RESOURCES	82



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
95	31/12/2023	MSB MACHINERY CORPORATION (MALAYSIA) SDN BHD	95
96	31/12/2023	MT MARINE SAFETY SERVICES & STATION (M) SDN BHD	87
97	31/12/2023	MUHIBBAH MARINE ENGINEERING SDN BHD	86
98	31/12/2023	MULTI CORE POWER SDN BHD	90
99	31/12/2023	MULTITECH CALIBRATION SERVICES	83
100	31/12/2023	NANJING WOTIAN TECHNOLOGY (WT SENSOR)	78
101	31/12/2023	NBA MARINE ELECTRICAL AND ENGINEERING	89
102	31/12/2023	NEXT GREEN SOLUTIONS SDN BHD	95
103	31/12/2023	NIIGATA POWER SYSTEMS (SINGAPORE) PTE LTD	82
104	31/12/2023	NINGBO JOINUS INTERNATIONAL TRADING CO., LTD	92
105	31/12/2023	NIPPON KAJI KYOKAI CLASSNK (MALAYSIA) SDN BHD	93
106	31/12/2023	NOVACO NAVIGATION P/L	81
107	31/12/2023	OBM TECHNIC SDN BHD	87
108	31/12/2023	OCEAN & BRINE MARINE SPARES (S) PTE LTD	90
109	31/12/2023	OCEANSTAR TRADING CO.,LTD	90
110	31/12/2023	PALFINGER ASIA PACIFIC PTE LTD	82
111	31/12/2023	PANSAR COMPANY SDN BHD	94
112	31/12/2023	PARVENU BASE (M) SDN BHD	92
113	31/12/2023	PATEVA SHIP SUPPLY	84
114	31/12/2023	PERFECT MARINE OFFSHORE	91
115	31/12/2023	PETROKNOWLEDGE SDN BHD	83
116	31/12/2023	PG TIMUR SDN BHD	83
117	31/12/2023	PILOTECH MARINE & TRADING PTE. LTD	94
118	31/12/2023	PIPELINE CONTROL (M) SDN BHD	71



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
119	31/12/2023	POWER DIESEL ENGINEERING P/L	80
120	31/12/2023	POWERTRAIN NETWORK	72
121	31/12/2023	PRODUCTIVE PLUS (M) SDN BHD	83
122	31/12/2023	PSP MARINE (M) SDN BHD	84
123	31/12/2023	PT. SURYA PUTRA MESINDO	95
124	31/12/2023	QME RESOURCES SDN BHD	85
125	31/12/2023	RACOM ELECTRONICS SDN BHD	92
126	31/12/2023	RADII TEKNOLOGI SDN BHD	93
127	31/12/2023	RAKAN JAYA HARDWARE SDN BHD	89
128	31/12/2023	RG CREATIVE SOLUTIONS	93
129	31/12/2023	RIKEN KEIKI (M) SDN BHD	91
130	31/12/2023	RK INSTRUMENTS (S) P/L	93
131	31/12/2023	RY HARDWARE & SAFETY PLT	81
132	31/12/2023	S.S. MAKMUR SDN BHD	94
133	31/12/2023	SAZ MARINE & ENGINEERING SDN BHD	90
134	31/12/2023	SENG HENG SHIPPING SDN BHD	88
135	31/12/2023	SHANGHAI CHIOCEAN MACHINERY CO., LTD	84
136	31/12/2023	SHANGHAI RONGDE	77
137	31/12/2023	SHIP FOOD SUPPLY & SERVICES SDN BHD	94
138	31/12/2023	SHM SHIPCARE SDN BHD	87
139	31/12/2023	SIGMA PYRAMID TRADING & SERVICES	92
140	31/12/2023	SING HUA FU TRADING SDN BHD	91
141	31/12/2023	SJONG PING ENGINEERING SDN BHD	91
142	31/12/2023	SOUTH EAST ASIA PETROHUB SDN BHD	90
143	31/12/2023	SPARK INSTRUMENTSTATION	90
144	31/12/2023	SSR MARINE LOGISTICS SERVICES	85
145	31/12/2023	STAR GLOBAL MARINE SERVICES	84



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
146	31/12/2023	STARFOUND INDUSTRIAL SDN BHD	90
147	31/12/2023	STELLAR PETROLEUM SDN BHD	91
148	31/12/2023	STRAITS MARINE SUPPLY PTE. LTD	90
149	31/12/2023	SUN HARDWARE ENTERPRISE SDN BHD	90
150	31/12/2023	TAMA ACTIVE SDN BHD	83
151	31/12/2023	TELE TIME TECHNOLOGY SDN BHD	82
152	31/12/2023	TESAC (MALAYSIA) SDN BHD	93
153	31/12/2023	TGS GOVERNOR SERVICES SDN BHD	92
154	31/12/2023	THRU SYSTEMS SDN BHD	84
155	31/12/2023	TOP KINABALU TRADING SDN BHD	87
156	31/12/2023	TOP SLINGS TRADING SDN BHD	95
157	31/12/2023	TTL SALES & RENTAL SDN BHD	95
158	31/12/2023	TURBINE ENT	86
159	31/12/2023	TURBO GEMILANG ENGINEERING SDN BHD	94
160	31/12/2023	TURBO PACIFIC SDN BHD	87
161	31/12/2023	TYCO FIRE & SAFETY	74
162	31/12/2023	VIAZ DIESEL SERVICES SDN BHD	93
163	31/12/2023	VIN MARINE (L) SDN BHD	90
164	31/12/2023	VINAMA SDN BHD	92
165	31/12/2023	VIRGO BLITZ SDN BHD	93
166	31/12/2023	WAH YONG (M) SDN BHD	82
167	31/12/2023	WINSTON ENGINEERING CORPORATION SDN BHD	92
168	31/12/2023	WOGAS ENGINEERING SDN BHD	74
169	31/12/2023	XT-YIWU SHENYI IMPORT AND EXPORT COMPANY	91



APPENDIX X – ANNUAL SUPPLIER EVALUATION (CONT'D)

NO	DATE	SUPPLIER	POINT (%)
170	31/12/2023	YEE FONG MARINE SDN BHD	87
171	31/12/2023	YIT LONG ENTERPRISE	93
172	31/12/2023	YSH MARINA MACHINERY SDN BHD	70

NO	PERCENTAGE (%)	NO. OF VENDOR
1	90-100 (45%)	79
2	80-89 (38%)	66
3	70-79 (17%)	27
TOTAL		172



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

The Board of Directors
E.A Technique (M) Berhad
Setiawangsa Business Suites
Unit C-3A-3A,
No. 2, Jalan Setiawangsa 11,
Taman Setiawangsa,
54200 Kuala Lumpur, Malaysia

Date: 4 June 2024

Dear Sirs,

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company’s circular in connection with the:

- (I) Proposed shares issuance of up to 795,750,000 new EATECH shares (“Subscription Shares”), representing approximately 60.0% of the enlarged share capital of EATECH after the shares issuance (“Proposed Shares Issuance”);**
- (II) Proposed exemption under paragraph 4.08(1)(b) of the rules on takeovers, mergers and compulsory acquisitions to Datuk Wira Mubarak, Voultier Sdn. Bhd. (“VSB”) and person acting in concert with it from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares in E.A. Technique (M) Berhad (“EATECH”) (“EATECH Shares” or “Shares”) not already owned by them arising from the issuance of subscription shares by EATECH to them pursuant to proposed shares issuance (“Proposed Exemption”); and**
- (III) Proposed establishment of an employees’ share scheme of up to 10% of the total number of issued share ordinary shares in EATECH (excluding any treasury shares) at any point in time during the tenure of the scheme for eligible directors and employees of EATECH and its subsidiaries (“Proposed ESS”)**

(Collectively, (I), (II) and (III) are referred to as the “Proposed Regularisation Plan”)

- (IV) Completion of the scheme of arrangement between the Company and its scheme creditors pursuant to section 366 of the Companies Act, 2016 (“SOA”).**



*E.A Technique (M) Berhad ("EATECH" or the "Company")
Report on the compilation of Pro Forma Financial Position for inclusion in the Circular
in connection with the Proposed Regularisation Plan and SOA
4 June 2024*

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Company prepared by the management of the Company. The pro forma consolidated statement of financial position of the Company as at 31 December 2023 ("Pro Forma Financial Position") and the related notes as set out in Attachment A have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position is described in the notes to the Pro Forma Financial Position.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the circular to the shareholders of the Company ("Circular") solely to illustrate the impact of events or transactions as set out in the notes of Attachment A on the Group's financial position as at 31 December 2023, as if the events or transactions had taken place on 31 December 2023. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 December 2023, on which an audit report has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A.

Reporting Accountants' Quality Management and Independence

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors has compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.



*E.A Technique (M) Berhad ("EATECH" or the "Company")
Report on the compilation of Pro Forma Financial Position for inclusion in the Circular
in connection with the Proposed Regularisation Plan and SOA
4 June 2024*

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Company's Circular in connection with the Proposed Regularisation Plan and completion of the SOA and should not be relied upon for any other purposes.

A handwritten signature in black ink, appearing to read 'KPMG PLT', is written over the printed name.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

APPENDIX V – REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EATECH FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Attachment A

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 31 December 2023 (“Pro Forma Financial Position”) as set out below has been prepared for illustration purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 December 2023, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

	Notes	As at 31 December 2023* RM'000	Pro Forma I After Proposed Regularisation Plan RM'000	Pro Forma II After Pro Forma I and completion of the SOA RM'000
Assets				
Property, vessels and equipment		393,329	393,329	393,329
Right-of-use assets		1,946	1,946	1,946
Deferred tax assets	3(a)	708	708	180
Total non-current assets		395,983	395,983	395,455
Inventories		99	99	99
Trade and other receivables		31,799	31,799	31,799
Tax recoverable	3(b)	33	33	224
Deposits	3(c)	11,416	11,416	965
Cash and cash equivalents	3(d)	31,028	107,703	27,106
Non-current assets held for sale		74,375	151,050	60,193
		14,290	14,290	14,290
Total current assets		88,665	165,340	74,483
Total assets		484,648	561,323	469,938

* Extracted from the audited consolidated financial statements of the Company for the financial year ended 31 December 2023.



APPENDIX V – REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EATECH FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Attachment A

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

	Notes	As at 31 December 2023* RM'000	Pro Forma I After Proposed Regularisation Plan RM'000	Pro Forma II After Pro Forma I and completion of the SOA RM'000
Equity				
Share capital	3(e)	179,755	259,330	259,330
Accumulated losses	3(f)	(122,302)	(125,202)	2,238
Total equity attributable to owners of the Company		57,453	134,128	261,568
Liabilities				
Loans and borrowings		84,266	84,266	84,266
Trade and other payables		12,849	12,849	12,849
Lease liabilities		2,386	2,386	2,386
Deferred tax liabilities		-	-	44,671
Total non-current liabilities	3(a)	99,501	99,501	144,172
Trade and other payables				
Lease liabilities	3(g)	286,435	286,435	23,002
Loans and borrowings		183	183	183
Current tax liabilities		40,923	40,923	40,923
Total current liabilities	3(b)	153	153	90
Total current liabilities		327,694	327,694	64,198
Total liabilities		427,195	427,195	208,370
Total equity and liabilities		484,648	561,323	469,938

* Extracted from the audited consolidated financial statements of the Company for the financial year ended 31 December 2023.



APPENDIX V – REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EATECH FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Attachment A

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

Supplementary information

	Audited as at 31 December 2023*	Pro Forma I After Proposed Regularisation Plan	Pro Forma II After Pro Forma I and completion of the SOA
No of Shares in issue ('000)	530,500	1,326,250	1,326,250
Net asset per share [^] (RM)	0.11	0.10	0.20
Total borrowings (including lease liabilities)	127,758	127,758	127,758
Gearing ratio [#] (times)	2.22	0.95	0.49

Notes:

* Extracted from the audited consolidated financial statements of the Company for the financial year ended 31 December 2023.

[^] Net assets is defined as total equity attributable to owners of the Company over the number of shares in issue.

[#] Gearing ratio is calculated based on total borrowings divided by net assets.

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E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Group as at 31 December 2023 (“Pro Forma Financial Position”) has been prepared for inclusion in the Company’s circular in connection with the:

- (I) Proposed shares issuance of up to 795,750,000 new EATECH shares (“Subscription Shares”), representing approximately 60.0% of the enlarged share capital of EATECH after the shares issuance (“Proposed Shares Issuance”);
- (II) Proposed exemption under paragraph 4.08(1)(b) of the rules on takeovers, mergers and compulsory acquisitions to Datuk Wira Mubarak, VSB and person acting in concert with it from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares in E.A. Technique (M) Berhad (“EATECH”) (“EATECH Shares” or “Shares”) not already owned by them arising from the issuance of subscription shares by EATECH to them pursuant to proposed shares issuance (“Proposed Exemption”); and
- (III) Proposed establishment of an employees’ share scheme of up to 10% of the total number of issued share ordinary shares in EATECH (excluding any treasury shares) at any point in time during the tenure of the scheme for eligible directors and employees of EATECH and its subsidiaries (“Proposed ESS”)

(Collectively, (I), (II) and (III) are referred to as the “Proposed Regularisation Plan”)

- (IV) Completion of the scheme of arrangement between the Company and its scheme creditors pursuant to section 366 of the Companies Act, 2016 (“SOA”).

and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the “Directors”) has compiled the Pro Forma Financial Position are as described below.

The Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2023, which was prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors’ report dated 29 February 2024 on the audited consolidated statements of financial statements of the Company for the financial year ended 31 December 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the Proposed Regularisation Plan and completion of the SOA actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustration purposes only.



E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I – Proposed Regularisation Plan

1. Proposed Shares Issuance

The Proposed Shares Issuance entails the issuance of up to 795,750,000 Subscription Shares at the subscription price of RM0.10 per Subscription Share to VSB, Encik Nasrul Asni Muhammad Dain, Mr Lim Shave Huat and Dato’ Sri Wong Choon Leong (collectively the “Subscribers”) as follows:

Subscribers	No. of Subscription Shares	% of Subscription Shares	% of enlarged share capital
1. Voultier Sdn. Bhd. (“VSB”)	676,387,500	85.0	51.0
2. Encik Nasrul Asni Muhammad Dain	33,156,200	4.2	2.5
3. Mr Lim Shave Huat	53,050,100	6.6	4.0
4. Dato’s Sri Wong Choon Leong	33,156,200	4.2	2.5
	795,750,000	100.00	60.0

The Subscription Shares represents approximately 60.0% of the enlarged share capital after the completion of the Proposed Shares Issuance. Upon completion of the Proposed Shares Issuance, the issued share capital of EATECH will increase from 530,500,000 EATECH Shares to 1,326,250,000 EATECH Shares.

The Proposed Shares Issuance is an integral part of the Proposed Regularisation Plan as it will allow EATECH to raise the requisite funds primarily for the settlement of its creditors under the SOA and to Sindora Berhad (“Sindora”).

Part of the total proceeds raised from the Proposed Shares Issuance will be used to defray the estimated expenses of RM2.9 million in relation to the Proposed Regularisation Plan. Further details on these estimated expenses are set out in sub-note (iii) of paragraph 2.2 below.

2. Proposed Exemption

EATECH had on 7 November 2023, entered into the subscription agreements with the Subscribers in relation to the Proposed Shares Issuance (“Subscription Agreement(s)”) with amongst others, VSB in respect of the Proposed Shares Issuance. Upon completion of the Proposed Shares Issuance, Datuk Wira Mubarak will emerge as an indirect controlling shareholder of EATECH via VSB as VSB will hold a total of 676,387,500 EATECH Shares, representing 51.0% of the total enlarged number of issued shares in EATECH. The Subscription Agreement is conditional upon fulfilment of all the conditions precedent. Accordingly, upon the Subscription Agreement becoming unconditional, VSB will be obliged to extend a mandatory general offer (“MGO”) for all the remaining EATECH Shares not owned by Datuk Wira Mubarak via VSB and persons acting in concert with it pursuant to Section 218(2) of the Capital Markets and Services Act, 2007, as amended from time to time including any re-enactment thereof (“CMSA”) and Paragraph 4.01 of the rules on takeovers, mergers and compulsory acquisitions (“Rules”).

As VSB has no intention of undertaking the MGO, VSB intends to seek an exemption pursuant to subparagraph 4.08(1)(b) of the Rules from the obligation to undertake the MGO.

The Proposed Exemption has no effect on the Pro Forma Financial Position



E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.1 Pro Forma I – Proposed Regularisation Plan (continued)

3. Proposed ESS

The Proposed ESS entails the granting to selected eligible Directors (including non-executive Directors) and/ or eligible employees of EATECH Group (excluding the subsidiaries which are yet to commence or ceased business operation (“dormant subsidiaries”)) the following shares grant and/ or the right granted to the participant to exercise and receive a number of EATECH Shares at an exercise price, subject to the terms and conditions of the By-Laws (“ESS Options”):

- (i) the right to receive new and/ or existing EATECH Shares at specified dates; and/ or
- (ii) ESS Options which entitle the eligible persons to whom an offer has been made under the Proposed ESS the right to exercise and receive EATECH Shares at specified dates at pre-determined prices, (collectively the “Awards”)

provided that prior to such specified future date of vesting or exercise, as the case may be, the relevant service conditions of the eligible persons to whom an offer has been made under the Proposed ESS and/ or the relevant conditions as may be stipulated by the ESS committee in the offer, are duly fulfilled unless the ESS committee otherwise determines.

The Company will not receive any proceeds from the ESS options until such time the ESS options are exercised by the participants. The actual proceeds to be received from the ESS options will be dependent on amongst others, the number of ESS Options exercised at the relevant point in time and the exercise price.

EATECH intends to utilise such proceeds arising from the exercise of the ESS Options, if any, as working capital for EATECH Group.

The Proposed ESS is not illustrated in the Pro Forma Financial Position as the Awards under the Proposed ESS have yet to be granted as of the date of this report.

2.2 Pro Forma II – Completion of the SOA

Use of Proceeds

In conjunction with the completion of the SOA, the Proposed Shares Issuance is expected to raise total proceeds of RM79.6 million in which the Company is proposing to utilise as follows:

<u>Details of utilisation</u>	<u>Notes</u>	<u>RM'000</u>	<u>Estimated timeframe from date of receipt of proceeds</u>
Repayment pursuant to the SOA	(i)	30,988	Within 1 month
Repayment to Sindora	(ii)	26,000	Within 1 month
General working capital	(iii)	19,687	Within 24 months
Defray estimated expenses	(iv)	2,900	Within 2 months
Total proceeds		79,575	



E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Completion of the SOA (continued)

Use of Proceeds (continued)

Notes:

(i) Repayment pursuant to the SOA

The estimated returns to scheme creditors total approximately RM71.1 million (i.e., representing 27% of the total debts of approximately RM257.1 million owing to the scheme creditors following the proof of debt exercise and additional scheme creditors amounting to RM5.8 million (“Adjudicated Debt”). EATECH has commenced on its asset disposal program to raise net proceeds. The estimated net proceeds arising from the asset disposal program plus the Escrow Account placement are anticipated to amount approximately RM40.1 million. In addition, the Group proposes to utilise RM31.0 million of the proceeds from the Proposed Shares Issuance to settle the balance amount due to scheme creditors pursuant to the SOA. As the subsidiaries of EATECH is also part of the scheme creditors, thus the net repayment to scheme creditors after eliminating the amount owing to the subsidiaries of EATECH is approximately of RM65.1 million.

(ii) Repayment to Sindora

Due to a corporate guarantee provided by Sindora to Malaysian Marine and Heavy Engineering Sdn. Bhd. (“MMHE”), Sindora had up to the latest practicable date of 27 May 2024, settled on behalf of EATECH amounting to RM42.3 million for works engaged in relation to an engineering procurement, construction, installation and commissioning for the conversion of vessel to a floating storage and offloading facility.

Of the total sum of RM42.3 million owing to Sindora, EATECH shall undertake to repay Sindora a total of RM26.0 million via proceeds raised through the Proposed Shares Issuance whilst the balance debt of RM15.3 million shall be settled over a 3-year term upon completion of SOA. Of the remaining RM1.0 million will be repaid via fund from the SOA to Sindora.

(iii) General working capital

The proceeds of RM19.7 million for general working capital will be utilised in the following breakdown:

<u>Working capital</u>	<u>Percentage (%)</u>
Staff costs which include staff salaries, Directors’ remuneration and contributions to the Employees Provident Fund Board and the Social Security Organisation, and staff remuneration related benefits	30.0
Office related expenses such as rental, utilities, office maintenance, staff medical insurance, maintenance of property, vessel and equipment, printing, stationaries, postages, travelling or transportation, staff amenities, website maintenance, petty cash reimbursements and other office operating expenses	50.0
Compliance related expenses such as audit (internal & external), secretarial and share registrar related expenses, taxation, legal, listing and payments to corporate advisers	20.0
	100.0



E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.3 Pro Forma II – Completion of the SOA (continued)

Use of Proceeds (continued)

Notes: (continued)

(iv) Defray estimated expenses

The breakdown of estimated expenses for the Proposed Regularisation Plan is illustrated below:

<i>Details of utilisation</i>	<i>RM'000</i>
<i>Professional fees ^(a)</i>	<i>2,300</i>
<i>Fees payable to relevant authorities</i>	<i>300</i>
<i>Printing, despatch, meeting expenses and miscellaneous expenses</i>	<i>300</i>
<i>Total proceeds</i>	<i>2,900</i>

(a) Comprise estimated professional fees payable to the principal adviser, reporting accountant, independent market researcher, internal control and risk management reviewer, share registrar and solicitors for the Proposed Regularisation Plan.

Scheme of Arrangement (“SOA”)

The SOA pertains to the scheme of arrangement between the Company and its scheme creditors pursuant to section 366 of the Companies Act, 2016.

As detailed in the explanatory statement issued pursuant to the SOA, the Company will undertake the following:

(i) Asset Disposal Program

The Asset Disposal Program entails the divestment of 5 vessels, namely, Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi, Nautica Maharani and Nautica Muar (collectively, the “Divestment Vessels”) to raise proceeds of RM104.05 million. The company had utilised the sales proceeds to pay for its operating costs amounting to RM74.43 million as per the SOA. The remaining sales proceeds, totaling RM29.62 million, have been deposited in the Company’s bank account and fixed deposit placement.

In addition to the above, as part of the ongoing Karina case, RM10.46 million has been placed in an Escrow Account established by the Scheme Trustee. The net proceeds from ADP plus the Escrow Account Placement are anticipated to amount to RM40.1million

As at 15 March 2023, the divestment of Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi and Nautica Maharani have been completed with net proceeds of RM20.9 million, and EATECH has signed Memorandum of Agreement on 27 June 2023 with third party to dispose Nautica Muar at an estimated net proceeds of RM21.1 million. EATECH also incurred additional holding cost of Nautica Muar amounting to RM1.9 million which is claimable from scheme creditors. As a result, management revised their estimated net proceeds from the Asset Disposal to RM40.1 million from initial estimated RM46.0 million. The shortfall of RM5.9 million, between the initial estimated RM46.0 million and RM40.1 million, shall be deemed as waived and relinquished by the scheme creditors; and



**E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon**

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.4 Pro Forma II – Completion of the SOA (continued)

Scheme of Arrangement (“SOA”) (continued)

(ii) Fund-raising exercise

The fund-raising exercise (i.e., the Proposed Shares Issuance) will be undertaken as part of EATECH’s regularisation plan to raise proceeds of approximately RM79.6 million, of which RM31.0 million will be utilised to repay the scheme creditors.

Upon completion of the SOA using the proceeds derived from the Proposed Shares Issuance and Asset Disposal Program, EATECH Group will record a RM172.4 million one-off gain in relation to the waiver of debt owed to the scheme creditors.

Waiver of debts pursuant to SOA is taxable in EATECH company level and tax deductible in EATECH’s subsidiaries level. EATECH’s subsidiaries do not have probable future taxable profits to utilise the business loss before it expires. Therefore, RM3.6 million of deferred tax assets is not recognised.

3. Effects on the Pro Forma Financial Position

(a) Movement in deferred tax assets

	RM'000
Balance as at 31 December 2023/ Pro Forma I	708
Effects of Pro Forma II:	
- Tax effect of the waiver of debts pursuant to the SOA	(528)
Pro Forma II	<u><u>180</u></u>

Movement in deferred tax liabilities

	RM'000
Balance as at 31 December 2023/ Pro Forma I	-
Effects of Pro Forma II:	
- Tax effect of the waiver of debts pursuant to the SOA	(44,671)
Pro Forma II	<u><u>(44,671)</u></u>

(b) Movement in tax recoverable

	RM'000
Balance as at 31 December 2023/ Pro Forma I	33
Effects of Pro Forma II:	
- Tax effect of the waiver of debts pursuant to the SOA	191
Pro Forma II	<u><u>224</u></u>

Movement in current tax liabilities

	RM'000
Balance as at 31 December 2023/ Pro Forma I	(153)
Effects of Pro Forma II:	
- Tax effect of the waiver of debts pursuant to the SOA	63
Pro Forma II	<u><u>(90)</u></u>



APPENDIX V – REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EATECH FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Attachment A

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(c) Movement in deposits

	RM'000
Balance as at 31 December 2023/Pro Forma I	11,416
Effects of Pro Forma II:	
- Repayment to scheme creditors	(10,451)
Pro Forma II	<u>965</u>

(d) Movement in cash and cash equivalents

	RM'000
Balance as at 31 December 2023	31,028
Effects of Pro Forma I:	
- Proceeds from Shares Issuance	79,575
- Payment of estimated expenses in relation to the Proposed Regularisation Plan	(2,900)
Pro Forma I	<u>107,703</u>
Effects of Pro Forma II:	
- Repayment to scheme creditors	(54,597)
- Repayment to Sindora	(26,000)
Pro Forma II	<u>27,106</u>

(e) Movement in share capital

	RM'000
Balance as at 31 December 2023	179,755
Effects of Pro Forma I:	
- Proceeds from Shares Issuance	79,575
Pro Forma I/Pro Forma II	<u>259,330</u>

(f) Movement in Accumulated losses

	RM'000
Balance as at 31 December 2023	(122,302)
Effects of Pro Forma I:	
- Estimated expenses in relation to the Proposed Shares Issuance	(2,900)
Pro Forma I	<u>(125,202)</u>
Effects of Pro Forma II:	
- Waiver of debts pursuant to the SOA	172,385
- Tax effect of the waiver of debts pursuant to the SOA	(44,945)
Pro Forma II	<u>2,238</u>



APPENDIX V – REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF EATECH FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Attachment A

E.A Technique (M) Berhad (“EATECH” or the “Company”) and its subsidiaries (the “Group”)
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(g) Movement in trade and other payables (current)

	RM'000
Balance as at 31 December 2023/ Pro Forma I	286,435
Effects of Pro Forma II:	
- Waiver of debts pursuant to the SOA	(172,385)
- Repayment to scheme creditors	(65,048)
- Repayment to Sindora	(26,000)
Pro Forma II	<u><u>23,002</u></u>

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**E.A. TECHNIQUE (M) BERHAD
(REGISTRATION NO.: 199301001779 (256516-W))
(Incorporated in Malaysia)**

**BY-LAWS OF THE EMPLOYEES' SHARE SCHEME 2024 FOR DIRECTORS AND
ELIGIBLE EMPLOYEES OF E.A. TECHNIQUE (M) BERHAD
AND ITS SUBSIDIARIES**

1. DEFINITIONS

1.1 In these By-Laws, except where the context otherwise requires, the following expressions have the following meanings:-

- “Adviser” : A corporate finance adviser licensed to make submissions to the Securities Commission for corporate proposals
- “auditor” : An approved company auditor as defined in Section 263 of the Companies Act, of EATECH for the time being or such other external auditors as may be nominated by the Board
- “Awards” : The Shares Grant and the ESS Option collectively granted pursuant to the By-Laws and “Award” means any one of them in the context of the By-Laws
- “Board” : The board of directors of EATECH
- “Bursa Depository” : Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
- “Bursa Securities” : Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
- “By-Laws” : By-Laws governing the Scheme as amended, modified and/or supplemented from time to time
- “CDS” : The Central Depository System governed under SICDA
- “CDS Account” : The account established by Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
- “Companies Act” : Companies Act, 2016, and any amendments made thereto from time to time and includes any re-enactment thereof

- “Director” : Being a person that:-
- (i) occupies or act in the position of director;
 - (ii) is in accordance with whose directions or instructions the directors of a corporation are accustomed to act; or
 - (iii) is an alternate or substitute director,
- in EATECH Group and having the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
- “Disciplinary Actions” : Actions instituted by EATECH or its Subsidiaries against a Participant in writing for any alleged misbehaviour, misconduct and/or any other act of the Participant deemed to be unacceptable in the course of that Participant’s employment, whether or not such actions may give rise to a dismissal or termination of the employment contract and/or contract of service of such Participant
- “EATECH” or : E.A. Technique (M) Berhad (Registration No.:
“Company” : 199301001779 (256516-W)) and, where the context admits, includes its successors- in-title
- “EATECH Group” or : EATECH and its Subsidiaries (excluding the
“Group” : Subsidiaries which are dormant, i.e. having yet to commence or have ceased business operations)
- “EATECH Share(s)” or : Ordinary share(s) in the share capital of EATECH
“Shares”
- “Effective Date” : The date in which this Scheme takes effect being the date on which the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with and to be determined by the ESS Committee
- “Eligible Person” : Directors (including non-executive Directors but shall not include alternate and/or substitute Directors) and/or eligible employees of the companies within the EATECH Group who fulfils the conditions of eligibility as stipulated in By-Law 4

- “ESS Committee” : The committee comprising Director(s) and/or Senior Management of the Group to be approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with these By-Laws
- “ESS Option” : The right granted to the Participant to exercise and receive a number of Shares at the Exercise Price, subject to the terms and conditions of these By-Laws
- “Exercise Price” : The price which a Participant is required to pay to be entitled to receive each EATECH Share pursuant to the exercise of an ESS Option
- “Listing Requirements” : The Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
- “Market Day” : Any day between Monday and Friday, both days inclusive, on which Bursa Securities is open for trading in securities
- “Maximum Allowable Allotment” : The maximum number of EATECH Shares to be allotted and issues under and/or transfer pursuant to the Awards granted under the Scheme which shall not exceed 10% of the total number of issued shares of EATECH (excluding treasury shares, if any) at any point in time during the duration of the Scheme and in accordance with the provisions of By-Law 5
- “Offer” : An offer made pursuant to Shares Grant and/or ESS Option, as the case may be, made in writing by the ESS Committee to the Participant pursuant to By-Law 8
- “Offer Date” : The date on which an Offer is made or deemed made by the ESS Committee to a Participant which will be the date the Offer is served in accordance with By-Law 34
- “Offer Period” : The period of 30 days from the Offer Date or such other period as may be determined by the ESS Committee having regard to the Terms of Reference and specified in the Offer during which an Offer may be accepted

- “Option Period” : The period commencing from the date of acceptance of the Offer and expiring on the last day of the Scheme Period or upon the date of termination of the Scheme, whichever is earlier, or such other period as specified by the ESS Committee in the Offer
- “Participant(s)” : Selected Persons who have duly accepted the Offer in accordance with the By-Laws
- “Performance Period” : The period in which the Performance Targets as may be stipulated by the ESS Committee and set out in the Offer are required to be performed
- “Performance Targets” : The performance targets as may be stipulated by the ESS Committee and as set out in an Offer which are to be achieved by the Participant during the Performance Period
- “Person Connected” : Shall have the same meaning given in relation to persons connected with a Director or persons connected with a major shareholder as defined in Paragraph 1.01 of the Listing Requirements
- “RM” and “sen” : Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
- “Scheme” : Scheme comprising the Shares Grant and ESS Option and such schemes to be known as EATECH Employees’ Share Scheme 2024 and to be set up under and governed by these By-Laws
- “Scheme Period” : The period of the Scheme as set out in By-Law 6.1
- “Selected Person” : An Eligible Person to whom an Offer has been made under the Scheme
- “Senior Management” : Such employees as the ESS Committee may in its sole discretion determine to be senior management
- “Service Period” : The period determined by the ESS Committee and stipulated in the Offer during which a Participant:
- (i) must remain/continue in continuous employment and/or service with any corporation in the EATECH Group; and
 - (ii) must not have given a notice to resign or received a notice of termination

- “Shares Grant” : The rights granted to the Participants to have a number of Shares vested in the Participants on the Vesting Date(s) specified in the Offer, subject to the terms and conditions of these By-Laws and the Offer
- “Share Subscription Price” : The reference price which is used to determine the number of Shares Grant to be granted as stipulated in the Offer
- “SICDA” : Securities Industry (Central Depositories) Act, 1991 as amended from time to time
- “Subsidiaries” : Subsidiaries of EATECH within the meaning of Section 4 of the Companies Act and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period unless determined by the Board and/or ESS Committee, in its sole discretion, that any such subsidiary of EATECH will not fall within this expression
- “Terms of Reference” : The terms of reference which the Board may establish to regulate and govern the ESS Committee’s functions and/or responsibilities under these By-Laws as amended from time to time
- “Termination Date” : The effective date of the termination of the Scheme
- “Trust” : The trust that has been or will be established to facilitate the implementation of the Scheme
- “Trust Deed” : The trust deed(s) constituting the Trust to be executed between the Trustee and EATECH
- “Trustee” : The trustee(s) to be appointed by the EATECH for the Scheme from time to time
- Unvested Awards : Awards or any part thereof which have not been vested in the Participant by the relevant date
- “Value” : The value which is used to determine the number of EATECH Shares offered to a Participant under an Award as stipulated in the Offer
- “Vesting Date(s)” : The date or dates on which the Awards or any part or proportion thereof granted are vested in the Participant, as stipulated by the ESS Committee in the Offer

- 1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender include all genders.
- 1.3 The headings and sub-headings in these By-Laws are inserted for convenience only and do not affect the interpretation of these By-Laws.
- 1.4 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.5 Any liberty, power or discretion which may be exercised or any decision or determination which may be made pursuant to the By-Laws by the ESS Committee (including any selection) may be exercised in the ESS Committee's sole discretion having regard only to the Terms of Reference (where applicable) and the ESS Committee will not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. THE SCHEME

- 2.1 The Scheme will be called the “**EATECH Employees' Shares Scheme 2024**” and will comprise the following:
 - (a) the Shares Grant; and
 - (b) the ESS Options.

3. MAXIMUM NUMBER OF AWARDS AVAILABLE UNDER THE SCHEME

- 3.1 Subject to By-Law 3.2, the maximum number of Awards which may be made available under the Scheme shall not at any point in time in aggregate exceed 10% of the total number of issued shares of EATECH (excluding treasury shares, if any) during the duration of the Scheme Period (“**Maximum Awards**”).
- 3.2 In the event that EATECH purchases or cancels its own shares in accordance with the provisions of Section 127 of the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued shares (excluding treasury shares), the following provisions will apply in respect of future Offers but all the Awards granted prior to such purchase and/or the reduction/adjustment of the issued ordinary shares capital of EATECH will remain valid or exercisable in accordance with the provisions of the Scheme as if that reduction/adjustment had not occurred:

- (a) if, after such purchase, cancellation and/or reduction, the aggregate number of EATECH Shares in respect of the Awards granted (including the EATECH Shares comprised in ESS Options granted, whether or not exercised) by EATECH as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum Awards, no further Offers will be made by the ESS Committee until such aggregate number of EATECH Shares in respect of the Offers and/or Awards granted falls below the Maximum Awards; and
- (b) if, after such purchase, cancellation and/or reduction, the aggregate number of EATECH Shares in respect of the Awards granted (including the EATECH Shares comprised in ESS Options granted, whether or not exercised) by EATECH as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum Awards, the ESS Committee may make further Offers but only until such aggregate number of EATECH Shares in respect of the Offers and/or Awards granted is equivalent to the Maximum Awards after such purchase, cancellation and/or reduction.

4. ELIGIBILITY

4.1 Subject to the determination and sole discretion of the ESS Committee, only Directors (including executive or non-executive and/or independent or non-independent Directors but excluding the Directors of the Subsidiaries which are dormant, alternate and/or substitute Directors) or employees, who meet the following eligibility criteria as at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee:-

- (a) if he/she has attained the age of 18 years on the Offer Date and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) if he/she is a an executive Director or employee, he/she must have been employed by the EATECH Group (excluding dormant Subsidiaries) and his/her employment as an Eligible Person must have been confirmed on the Offer Date, employed on a full time basis and is not served a notice to resign nor received a notice of termination;
- (c) if he/she is a non-executive Director, he/she must have been appointed and remain appointed as a Director of the EATECH Group (excluding dormant Subsidiaries), as at the Offer Date;
- (d) if the Director or employee is employed by a company which is acquired by the EATECH Group during the duration of the Scheme and becomes a subsidiary upon such acquisition, the said Director or employee must become an Eligible Person within the meaning of the By-Laws following the date that such company becomes or is deemed to be a subsidiary of the EATECH Group; and
- (e) he/she must fulfil such other eligibility criteria as may be determined by the ESS Committee from time to time at its absolute discretion.

- 4.2 Notwithstanding By-Laws 4.1, the ESS Committee may from time to time, at its sole discretion select and identify suitable Selected Persons to be offered the Awards.
- 4.3 Eligibility for consideration under the Scheme does not confer an Eligible Person with any claim or right whatsoever under or to participate in the Scheme unless the ESS Committee has made an Offer to the Eligible Person, and the Eligible Person has accepted the Offer in accordance with the terms of the By-Laws.
- 4.4 The selection of any Director or employee for participation in the Scheme will be made by the ESS Committee in writing whose decision will be final and binding.
- 4.5 In accordance with the Listing Requirements, the allotment of Awards to any of Directors, chief executive officer, employee who is a major shareholder of EATECH and/or persons connected with them, must be approved by the shareholders of EATECH at a general meeting.
- 4.6 Notwithstanding anything to the contrary contained in these By-Laws, the participation of the non-executive Directors in the Scheme shall at all times be subject to the provisions of EATECH's Constitution permitting such participation.

5. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOCATION

- 5.1 Subject to any adjustments which may be made under By-Law 18, the aggregate maximum number of Awards that may be granted to a Selected Person will be determined entirely at the discretion of the ESS Committee ("**Maximum Allowable Allotment**") provided that:
- (a) the Selected Persons including Directors and Senior Management do not participate in the deliberation and discussion of their own allocation and/or the allocation to any person connected with them;
 - (b) not more than 70% of the total number of EATECH Shares comprised in the Awards to be issued under the Scheme shall be allocated to the Directors and/or Senior Management of the EATECH Group (excluding dormant Subsidiaries); and
 - (c) not more than 10% of the total number of EATECH Shares comprised in the Awards to be issued under the Scheme shall be allocated to any Selected Person who, either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of EATECH (excluding treasury shares, if any),

provided always that it is in accordance with the Listing Requirements or any prevailing requirements/guidelines issued by Bursa Securities, or any other requirements of relevant authorities as amended from time to time.

- 5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 18, the ESS Committee will determine entirely at its discretion the actual number of Shares Grant and ESS Options to be allocated to a Selected Person after taking into consideration various factors pertaining to the Selected Person such as position, performance, ranking, length of service, his/her potential contribution to the Group and any other factors deemed appropriate by the ESS Committee.
- 5.3 At the time the Offer is made in accordance with By-Law 8, the ESS Committee will set out the basis of allotment, identifying the category or grade of the Selected Person and the Maximum Allowable Allotment for the Selected Person.
- 5.4 A set of criteria on eligibility in respect of the allocation as determined by the ESS Committee from time to time will be made available to all employees and Directors of the Group.
- 5.5 EATECH and/or ESS Committee will ensure that the allocation of EATECH Shares to Participants is verified at the end of each financial year of EATECH by EATECH's audit committee, as being in compliance with the criteria referred to in By-Law 5.2.
- 5.6 In the event that a Participant is promoted, such promoted Participant may be eligible for consideration for additional Awards to be decided by ESS Committee at its discretion subject to the following:
- (a) that the additional Offer will be from the balance of the Shares available under the Scheme; or
 - (b) the ESS Committee has the discretion not to make further additional Offer in the event that the balance of the Shares available is inadequate to make a meaningful additional allotment.
- 5.7 The ESS Committee has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the Scheme Period. In the event the ESS Committee decides that the Awards are to be staggered, the number of Awards to be offered pursuant to each Awards and the timing for the vesting of the same shall be decided by the ESS Committee at its sole and absolute discretion and each Awards shall be separate and independent from the other. The number of Awards to be granted per financial year are dependent on amongst others, financial performance of EATECH Group, the number of Eligible Persons, retention periods, Awards subscription and/or Exercise Price and fair value of the Awards.
- 5.8 In the event a Participant is demoted to a lower grade for whatsoever reason, he will only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him before such demotion and where he has accepted an Offer which exceeds his Maximum Allowable Allotment under that lower grade, he will not be entitled to any further allocation for that lower grade.

- 5.9 The ESS Committee shall at its sole discretion decide in relation to an Offer, amongst others, the date of the Offer, forms of Awards (whether in Shares Grant and/or ESS Options), performance target(s), performance period(s), Service Period, the vesting period(s), Vesting Date, release schedule(s), retention period(s) and the extent to which the EATECH Shares which are the subject of the Award shall be released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the vesting period(s).

6. SCHEME PERIOD AND TERMINATION OF THE SCHEME

- 6.1 The Scheme will take effect on the date on which the last of the following approvals and/or conditions will have been obtained and/or complied with ("**Effective Date**") and will continue to be in force for a period of 5 years from the Effective Date ("**Scheme Period**"):

- (a) receipt of the approval from Bursa Securities for the listing of and quotation for the EATECH Shares to be issued pursuant to the Scheme;
- (b) approval of the shareholders of EATECH in a general meeting for the Scheme;
- (c) the submission to Bursa Securities of the final copy of the By-Laws;
- (d) receipt of the approval of the relevant regulatory authorities whose approval is necessary in respect of the Scheme; and
- (e) fulfilment or waiver (as the case may be) of all conditions attached any of the abovementioned approvals (if any),

provided always that on or before the expiry of the Scheme Period, the Board shall have the discretion whether or not upon recommendation of the ESS Committee, to extend in writing the tenure of the Scheme for another 5 years or such shorter period as it deems fit immediately from the expiry of the first 5 years, provided that the Scheme does not exceed a maximum period of 10 years in its entirety. The Scheme shall continue to be in force commencing on the date which the last of the approval and/or condition stipulated under this By-Laws has been obtained and/or complied with, or such longer period allowed by the relevant authorities. Any extended Scheme shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant statutes, laws and/or regulations then in force. In the event the Scheme is extended, EATECH shall make the necessary announcements to Bursa Securities prior to the proposed extension of the Scheme. For the avoidance of doubt, unless otherwise required by the relevant authorities, no further sanction, approval, consent or authorisation of the shareholders of the EATECH in a general meeting is required for any such extension. In the event the Scheme is extended, EATECH shall serve appropriate notices on each Participant within 30 days prior to the Date of Expiry.

- 6.2 Within 5 Market Days from the Effective Date, EATECH will through its adviser submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of EATECH in the general meeting approving the Scheme.
- 6.3 On expiry of the Scheme, any Offer which have yet to be accepted by the Selected Person and/or any Awards which has yet to be released or vested (whether fully or partially) shall be deemed cancelled and be null and void.
- 6.4 Notwithstanding anything set out in these By-Laws and subject always to compliance with the Listing Requirement and any other relevant rules or requirement, the Scheme may be terminated by EATECH upon consultation with the ESS Committee, at any time before its expiry without obtaining the approvals or consents from the Participants or EATECH's shareholders, provided that EATECH makes an announcement immediately to the Bursa Securities and shall provide a notice at least 30 days prior to the Termination Date to the existing Participants to exercise their outstanding Shares Grants and/or ESS Options. In the event of such termination:-
- (a) no further Offer will be made by the ESS Committee from the Termination Date;
 - (b) all Offers which have yet to be accepted by Selected Persons shall automatically lapse on the Termination Date;
 - (c) all outstanding ESS Options which have yet to be exercised by Participants shall automatically lapse on the Termination Date; and
 - (d) all Unvested Awards will cease to be capable of being vested in the relevant Participants.

7. RETENTION PERIOD

- 7.1 The EATECH Shares to be allotted and issued and/or transferred from the Shares Grant and/or exercise of the ESS Options pursuant to the Scheme, to a Participant (save for an eligible Director who is a non-executive Director), will not be subjected to any retention period or restriction on transfer, unless otherwise stated in the Award(s), as determined by the ESS Committee from time to time.
- 7.2 The expression "retention period" referred to in By-Law 7.1 means the period in which the EATECH Shares allotted and issued or transferred pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.
- 7.3 Notwithstanding By-Law 7.1, pursuant to Paragraph 8.20 of the Listing Requirements, a Participant who is a non-executive Director of any company within the Group (excluding dormant Subsidiaries) must not sell, transfer or assign his/her EATECH Shares obtained through the Shares Grants and/or exercise of the ESS Options offered to him/her pursuant to the Scheme within one (1) year from the Offer Date or such period as may be prescribed by Bursa Securities.

8. OFFER OF AWARDS UNDER THE SCHEME

8.1 Pursuant to the Scheme, the ESS Committee may, subject to compliance with all relevant regulatory authorities' guidelines and/or directives, from time to time during the Scheme Period, make an Offer to a Selected Person to participate in the Scheme.

8.2 Subject to By-Law 8.3, an Offer will comprise an Award where a Participant is granted:

- (a) the right to have a number of Shares Grant vested in the Participant on the Vesting Date; and/or
- (b) the right to receive an ESS Option vested in the Participant on the Vesting Date to exercise and receive new EATECH Shares during the Option Period,

provided that the conditions as set out in By-Law 9.2 and such other conditions as may be stipulated by the ESS Committee in the Offer are duly and fully satisfied.

8.3 Nothing in the By-Laws will prevent the ESS Committee from making:

- (a) an Offer to a Participant which consists of only an Award; or
- (b) more than one Offer to any Participant provided always that the aggregate number of EATECH Shares in respect of the Awards granted (including EATECH Shares under ESS Options granted pursuant thereto) does not exceed the Maximum Allowable Allotment.

8.4 The Offer which has lapsed for any reason whatsoever may be made available for re-granting at the discretion of the ESS Committee under the Scheme.

9. TERMS OF THE OFFER

9.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

9.2 The terms and conditions set out in the Offer relating to an Award may include the following, where applicable:

- (a) Value;
- (b) Share Subscription Price;
- (c) number of EATECH Shares to be granted under an Award;
- (d) Exercise Price;
- (e) number of EATECH Shares entitled to be received upon the exercise of the ESS Option;
- (f) Option Period;

- (g) Offer Date;
- (h) Offer Period;
- (i) Vesting Date;
- (j) Performance Targets;
- (k) Performance Period;
- (l) Service Period,

and may include such/any other conditions as may be stipulated by the ESS Committee.

- 9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 9.2.

10. SHARE SUBSCRIPTION PRICE AND EXERCISE PRICE

Subject to any adjustment made in accordance with the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the price to be determined by the Board upon recommendation of the ESS Committee based on the 5-day volume weighted average market price of the EATECH Shares immediately preceding the Offer Date, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the Scheme.

For the avoidance of doubt, the Shares Grant will be granted at no cost to the Participants.

11. ACCEPTANCE OF THE OFFER

- 11.1 The Offer may only be accepted by the Selected Person during the Offer Period in such form and manner as may be prescribed in the Offer and must be accompanied by a non-refundable sum of RM1.00 only payable to EATECH only in the event the Offer comprises ESS Options. The date of receipt by the ESS Committee of such form together with the money will be the date of acceptance of the Offer by the Selected Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.

- 11.2 In the event that the Selected Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer will automatically lapse and will then be null and void provided that the ESS Committee will not be precluded from making a fresh Offer on such terms as the ESS Committee may so decide to the Selected Person subsequently.

12. SATISFACTION OF CONDITIONS

12.1 The determination as to whether the stipulated conditions in the Offer have been fulfilled will be made by the ESS Committee, as the case may be.

12.2 Where the ESS Committee has made the determination that the stipulated conditions have been fulfilled pursuant to By-Law 12.1, the ESS Committee will notify the Participant of:

- (a) the number of Shares Grant vested/which will be vested in him on the Vesting Date; and
- (b) the number of EATECH Shares which the Participant is entitled to receive upon the exercise of the ESS Option granted to him;

as the case may be. Upon receipt of such notification, the Participant will notify the ESS Committee (in the form as may be prescribed by the ESS Committee from time to time) of his CDS Account number.

12.3 In the event that the conditions stipulated in an Offer in respect of any one or more Participant cannot be achieved/satisfied, the ESS Committee may in its discretion by notice in writing to such Participant(s), waive any conditions stipulated in the Offer.

12.4 No Participant will have any right to or interest in the EATECH Shares granted under the Scheme or right to exercise the ESS Options granted to him unless and until the ESS Committee has made a determination and notification under the provisions of By-Laws 12.1 and 12.2 and on and with effect from the Vesting Date or the date during the Option Period on which the ESS Options are duly exercised and the remittance for the full amount of the monies for the EATECH Shares in respect of which the ESS Options are exercised is paid pursuant to By-Law 13.

12.5 In relation to Shares Grant to be vested on the Vesting Date, the ESS Committee will, within 8 Market Days after the receipt of the Participant's notice of his CDS Account number pursuant to By-Law 12.2 (or such other period as may be prescribed or allowed by Bursa Securities):

- (a) issue, allot and/or transfer the relevant number of Shares Grant into the CDS Account so notified;
- (b) despatch a notice of issue, allotment and/or transfer of such Shares Grant to the Participant; and
- (c) make an application for the quotation of such relevant number of Shares Grant (where applicable).

- 12.6 In relation to EATECH Shares to be allotted and issued and/or transferred pursuant to an exercise of an ESS Option, the ESS Committee will, within 8 market days after the ESS Committee's receipt of the notice of exercise of an ESS Option and remittance for the full amount of monies for the EATECH Shares in respect of which the ESS Option is exercised pursuant to By-Law 13.3 (or such other period as may be prescribed or allowed by Bursa Securities):
- (a) issue, allot and/or transfer the relevant number of EATECH Shares into the CDS Account so notified;
 - (b) despatch a notice of issue, allotment and/or transfer of such EATECH Shares issued pursuant to the ESS Option to the Participant; and
 - (c) make an application for the quotation of such relevant number of EATECH Shares issued pursuant to the ESS Option (where applicable).

For the avoidance of doubt, no physical share certificates will be issued for the new EATECH Shares.

13. EXERCISE OF ESS OPTIONS UNDER THE AWARD

- 13.1 An ESS Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to EATECH or ESS Committee in the prescribed form as may be amended from time to time during the Option Period, provided that where an ESS Option is exercised in part, such exercise must not be for less than 100 Shares and must be for multiples of 100 Shares other than in the case of the final exercise by the Participant under the ESS Option.
- 13.2 The partial exercise of an ESS Option will not preclude the Participant from exercising the ESS Option with respect to the balance of Shares comprised in the ESS Option during the Option Period.
- 13.3 Every notice of exercise of an ESS Option referred to in By-Law 13.1 must be in the form prescribed by the ESS Committee as amended from time to time and accompanied by a remittance for the full amount of the monies for the Shares in respect of which the ESS Option is exercised.
- 13.4 Subject to the discretion of the ESS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of ESS Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such ESS Option by the Participant.

- 13.5 The ESS Committee may at any time and from time to time before and after the ESS Options are granted, limit the exercise of the ESS Options to a maximum number of new EATECH Shares and/or such percentage of the total EATECH Shares comprised in the ESS Options during such period within the Option Period and impose any other terms and/or conditions as the ESS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier other than pertaining to the imposition of performance targets. Thereafter, the Participants are free to exercise the ESS Options without further performance targets being achieved.

14. DISCIPLINARY ACTIONS

- 14.1 In the event a Selected Person is subject to Disciplinary Actions after an Offer is made but before the acceptance of such Offer by such Selected Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Selected Person. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committee will not be obliged to do so) from making a fresh Offer to such Selected Person in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer is made within the duration of the Scheme Period.

- 14.2 In the event a Participant is subject to Disciplinary Actions, the right of the Participant to have vested any Unvested Awards and/or to exercise any Unexercised Option will be suspended pending the outcome of the Disciplinary Actions unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Participant. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committee will not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to have vested any Unvested Awards and/or to exercise any Unexercised Option in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance of the Offer will automatically lapse and will immediately become null and void.

For the avoidance of doubt, Disciplinary Actions initiated against a Participant after the exercise by such Participant of his/her ESS Option(s) in accordance with the terms of these By-Laws or after notice has been given by the ESS Committee of the right of the Participant to have the relevant number of EATECH Shares vested in him on the Vesting Date pursuant to By-Law 12.2(a) will not affect the right of the Participant to receive the EATECH Shares pursuant to such exercise of ESS Option or Shares Grant.

15. TERMINATION OF OFFERS, UNVESTED AWARDS AND UNEXERCISED OPTION(S)

15.1 Subject to By-Laws 15.2 and 15.3, any unaccepted Offers in respect of a Selected Person and/or any Unvested Awards and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or ceased to be capable of vesting in a Participant and/or ceased to be exercisable, as the case may be, without any liability to or right to claim against EATECH and/or the ESS Committee upon the occurrence of any one or more of the following events:

- (a) service of a notice to resign by a Director and/or an employee or Participant, as the case may be;
- (b) service of a notice of termination on or termination contract of service or cessation of employment of a Director (including removal thereof) and/or an employee or Participant with the EATECH Group by reason of misconduct, as the case may be;
- (c) bankruptcy of a Eligible Person or Participant, as the case may be; or
- (d) any other circumstances prescribed by the ESS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Participant with the EATECH Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the EATECH Group's retirement policy;
- (b) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;
- (c) redundancy or voluntary separation scheme;
- (d) transfer to any company outside the Group at the direction of EATECH;
- (e) termination or non-renewal of contract of service; or
- (f) any other circumstances which are acceptable to the ESS Committee in its sole discretion;

the ESS Committee may in its discretion permit the vesting of Unvested Awards (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

provided that unless the ESS Committee in its sole discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offers in respect of an Award and/or any Unvested Awards and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against EATECH and/or ESS Committee.

- 15.3 In the event of death of the Participant, By-Law 15.2 may at the discretion of the ESS Committee apply mutatis mutandis to the Participant's legal or personal representatives as if the Participant's legal or personal representatives were the Participant.
- 15.4 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 15.2 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.
- 15.5 Any unaccepted Offers, Unvested Awards and/or Unexercised Options will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against EATECH and/or ESS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of EATECH; or
 - (b) termination or expiration of the Scheme pursuant to By-Law 6.

16. TAKEOVER AND DISPOSAL OF ASSETS

- 16.1 In the event of:
- (a) a take-over offer being made for EATECH through a general offer to acquire the whole of the issued shares of EATECH (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional; or
 - (b) EATECH dispose of all or substantially all of its assets and the disposal becomes unconditional,

upon determination of the ESS Committee at its sole discretion, the Unvested Awards may be immediately vested in a Participant and/or any Unexercised Options may immediately be exercised by a Participant at any time subject to such terms and conditions (if any) as may be prescribed by the ESS Committee notwithstanding that:

- (i) the Vesting Date is not due or has not occurred; and/or
- (ii) the Option Period has not commenced.

16.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 16.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

17. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

17.1 In the event of the court sanctioning a compromise or arrangement between EATECH and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of EATECH or its amalgamation with any other company or companies the ESS Committee shall permit the vesting of Unvested Awards (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

17.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 17.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

18. ALTERATION OF CAPITAL

18.1 In the event of any alteration in the capital structure of EATECH during the Scheme Period (whether by way of capitalisation of profit or reserves, rights issues, reduction, subdivision or consolidation of capital or otherwise but excluding any cancellation of capital which is lost or unrepresented by available assets), the Board shall (in consultation with an Adviser and/or auditor, if required) decide whether adjustments to the:

- (a) Exercise Price of the ESS Option; and/or
- (b) number of EATECH Shares comprised in the Awards,

will be made in order to prevent dilution or enlargement provided that no adjustments will be made in the event of any alteration in the capital structure of EATECH in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 19.

- 18.2 If the ESS Committee (in consultation with an Adviser and/or auditor, if required) decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of EATECH and no adjustments will be made, the ESS Committee will inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.
- 18.3 Subject to By-Law 18.5, any adjustment in the Share Subscription Price, Exercise Price and/or number of EATECH Shares comprised in Offers will comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and will, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of EATECH as that to which he was previously entitled.
- 18.4 Subject to the ESS Committee's discretion (in consultation with an Adviser and/or auditor, if required), the provisions of By-Laws 18.1, 18.2 and 18.3 will not apply where a change in the capital structure of EATECH arises from:
- (a) the issue of EATECH Shares or other securities convertible into EATECH Shares or right to acquire or subscribe for EATECH Shares in consideration or part consideration for any acquisition by the EATECH Group;
 - (b) a special issue, restricted issue or private placement of EATECH Shares;
 - (c) a share buy-back arrangement by EATECH and the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;
 - (d) any issue of EATECH Shares arising from a dividend reinvestment scheme which allows EATECH's shareholders an option to elect their cash dividend entitlements into new EATECH Shares;
 - (e) any issue of EATECH Shares as share dividend as long as it is not material capital distribution;
 - (f) an issue of EATECH Shares arising from the exercise of any conversion rights attached to securities convertible to EATECH Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by EATECH;
 - (g) a special issue of new EATECH Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation; and
 - (h) an issue of further Offers pursuant to the Scheme and the allotment and issuance of EATECH Shares for the purpose of satisfying Shares Grant and ESS Options.

18.5 Subject to the ESS Committee's discretion (in consultation with an Adviser and/or auditor, if required), any adjustment pursuant to this By-Law 18 will be made in accordance with the formulae as set out below on the Market Day immediately following the books closure date for the event giving rise to the adjustment:

- (a) If and whenever a consolidation or subdivision or conversion of EATECH Shares occurs, then the Share Subscription Price and/or Exercise Price will be adjusted and the additional number of Shares comprised in the Offer will be calculated in accordance with the following formula:

$$\text{New Share Subscription Price/New Exercise Price} = \left[S \times \frac{U}{V} \right]$$

$$\text{Adjustment on number of Awards unexercised} = T \times \left[\frac{V}{U} \right]$$

where

S = existing Share Subscription Price and/or Exercise Price; and

T = existing number of Shares comprised in the Offer that remains unexercised.

U = aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of EATECH immediately preceding such consolidation, subdivision or conversion; and

V = aggregate number of Shares in the share capital of EATECH after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business on the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective (being the date when the EATECH Shares are traded on Bursa Securities at the new adjusted value), or such period as may be prescribed by Bursa Securities.

- (b) If and whenever EATECH makes any issue of EATECH Shares to its ordinary shareholders of EATECH credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{A+B}{A} \right] - T$$

where

A = the aggregate number of issued and fully paid-up EATECH Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of EATECH Shares to be issued pursuant to any allotment to ordinary shareholders of EATECH credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = as T above.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

- (c) If and whenever EATECH makes:
- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for EATECH Shares by way of rights; or
 - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into EATECH Shares or securities with rights to acquire or subscribe for EATECH Shares,

then and in respect of each such case, the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Laws 18.5(c)(ii) and (c)(iii) hereof, the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[\frac{C}{C-D^*} \right] - T$$

where

- C = the Current Market Price (as defined in By-Law 18.5(h) below) of each EATECH Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (aa) in the case of an offer or invitation to acquire or subscribe for EATECH Shares by way of rights under By-Law 18.5(c)(ii) above or for securities convertible into EATECH Shares or securities with rights to acquire or subscribe for EATECH Shares under By-Law 18.5(c)(iii) above, the value of rights attributable to 1 EATECH Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 18.5(c) hereof, the fair market value, as determined by an auditor of EATECH, of that portion of the Capital Distribution attributable to 1 EATECH Share.

For the purpose of definition (aa) of D above, the “value of the rights attributable to 1 EATECH Share” will be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where

- C = as C above;
- E = the subscription price for 1 additional EATECH Share under the terms of such offer or invitation or subscription price for 1 additional EATECH Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for 1 EATECH Share under the offer or invitation;
- F = the number of EATECH Shares necessary for the EATECH shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional EATECH Share or security convertible into rights to acquire or subscribe for 1 additional EATECH Share; and
- D* = the value of rights attributable to 1 EATECH Share (as defined below); and

For the purpose of definition D* above, the “value of rights attributable to 1 EATECH Share” will be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where

C = as C above;

E* = the subscription price for 1 additional EATECH Share under the terms of such offer or invitation to acquire or subscribe for EATECH Shares; and

F* = the number of EATECH Shares necessary for a EATECH shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional EATECH Share.

For the purpose of By-Law 18.5(c) hereof, “Capital Distribution” will (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of EATECH Shares (not falling under By-Law 18.5(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period will (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of EATECH as shown in the audited consolidated profit and loss accounts of EATECH.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (d) If and whenever EATECH makes an allotment to its ordinary shareholders as provided in By-Law 18.5 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.5(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where EATECH makes an allotment to its ordinary shareholders as provided in By-Law 18.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.5(c)(ii) above and the record date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the additional number of Scheme comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of Shares Grant to be vested

$$= T \times \left[\frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right] - T$$

where

B = as B above;

C = as C above;

G = the aggregate number of issued and fully paid-up EATECH Shares on the book closure date;

H = the aggregate number of new EATECH Shares under an offer or invitation to acquire or subscribe for EATECH Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into EATECH Shares or rights to acquire or subscribe for EATECH Shares, as the case may be;

H* = the aggregate number of new EATECH Shares under an offer or invitation to acquire or subscribe for EATECH Shares by way of rights;

I = the subscription price of 1 additional EATECH Share under the offer or invitation to acquire or subscribe for EATECH Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional EATECH Share, as the case may be;

I* = the subscription price of 1 additional EATECH Share under the offer or invitation to acquire or subscribe for EATECH Shares; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

- (e) If and whenever EATECH makes any offer or invitation to its ordinary shareholders to acquire or subscribe for EATECH Shares as provided in By-Law 18.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for EATECH Shares as provided in By-Law 18.5(c)(iii) above, the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of Shares Grant to be vested

$$= T \times \left[\frac{(G + H^* + J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of EATECH Shares to be issued to its ordinary shareholders of EATECH upon conversion of such securities or exercise of such rights to subscribe for EATECH Shares by the ordinary shareholders of EATECH;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional EATECH Share; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (f) If and whenever EATECH makes an allotment to its ordinary shareholders as provided in By-Law 18.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for EATECH Shares as provided in By-Law 18.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into EATECH Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.5(c)(iii) above, and the record date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of Shares Grant to be vested

$$= T \times \left[\frac{(G + H^* + J + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

B = as B above;

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

- I* = as I* above;
- J = as J above;
- K = as K above; and
- T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of EATECH and requiring an adjustment under By-Laws 18.5(c)(ii), (c)(iii), (d), (e) or (f) above), EATECH will issue either any EATECH Shares or any securities convertible into EATECH Shares or any rights to acquire or subscribe for EATECH Shares, and in any such case, the Total Effective Consideration per EATECH Share (as defined below) is less than 90% of the Average Price for 1 EATECH Share (as defined below) or, as the case may be, the price at which the EATECH Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Share Subscription Price and/or Exercise Price will be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

where

- L = the number of EATECH Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of EATECH Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of EATECH Shares so issued or, in the case of securities convertible into EATECH Shares or rights to acquire or subscribe for EATECH Shares, the maximum number (assuming no adjustment of such rights) of EATECH Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 18.5(g), the “Total Effective Consideration” will be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

- (i) in the case of the issue of EATECH Shares, the aggregate consideration receivable by EATECH on payment in full for such EATECH Shares;
or
- (ii) in the case of the issue by EATECH of securities wholly or partly convertible into EATECH Shares, the aggregate consideration receivable by EATECH on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by EATECH upon full conversion of such securities (if any);
or
- (iii) in the case of the issue by EATECH of securities with rights to acquire or subscribe for EATECH Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by EATECH upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and “Total Effective Consideration per EATECH Share” will be the Total Effective Consideration divided by the number of EATECH Shares issued as aforesaid or, in the case of securities convertible into EATECH Shares or securities with rights to acquire or subscribe for EATECH Shares, by the maximum number of EATECH Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 18.5(g), the Average Price of a EATECH Share will be the average price of 1 EATECH Share as derived from the last dealt prices for one or more board lots of EATECH Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such EATECH Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which EATECH determines the offering price of such EATECH Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

- (h) For the purpose of By-Law 18.5(c), (d), (e) and (f), the “Current Market Price” in relation to 1 EATECH Share for any relevant day will be the volume weighted average market price for the 5 consecutive Market Days before such date.

- 18.6 If an event occurs that is not set out in By-Law 18.5 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESS Committee is not appropriate, the ESS Committee may at its discretion (in consultation with an Adviser and/or auditor, if required) agree to an adjustment subject to the provision of By-Law 18.3 provided that the Participants will be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.
- 18.7 In the event that a fraction of a EATECH Share arises from the adjustments pursuant to this By-Law 18, the number of EATECH Shares will automatically be rounded down to the nearest whole number.
- 18.8 The provisions of By-Law 18 will also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESS Committee. Any adjustments other than on a bonus issue, subdivision or consolidation of shares must be confirmed in writing either by an Adviser or external auditors.

19. RIGHTS ATTACHED TO SHARES

- 19.1 The EATECH Shares to be allotted and issued and/or transferred from treasury shares (as the case may be) upon the vesting of the Shares Grant and/or upon the exercise of the ESS Options pursuant to the Awards, shall upon allotment and issuance and/or transfer from treasury shares (as the case may be), rank equally and carry the same rights with existing EATECH Shares, save and except that the EATECH Shares so issued and/or transferred will not be entitled for any dividends, rights, allotments and/or other distribution declared, made or paid to shareholders of EATECH, the entitlement date of which is prior to the date of allotment or transfer of the EATECH Shares.
- 19.2 The EATECH Shares issued, allotted and/or transferred pursuant to the Scheme will subject to all the provisions of the Constitution of EATECH in relation to their transfer, transmission or otherwise.

20. ADMINISTRATION

- 20.1 The Scheme will be implemented and administered by the ESS Committee, the members of which shall be duly appointed and authorised by the Board. The ESS Committee will have sole and absolute discretion in administering the Scheme subject to the terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and responsibilities under the By-Laws. The ESS Committee shall comprise persons from the Board and/or Senior Management of the Group and shall ensure that the respective members of the ESS Committee do not participate in the deliberation or discussion of their own allocation and/or allocation to persons connected to them. A Selected Person who is a member of the ESS Committee shall abstain from deliberations in respect of any Awards granted or to be granted to that Selected Person and/or persons connected to them.

- 20.2 The ESS Committee will administer the Scheme in such manner as it in its discretion deems fit. For the purpose of administering the Scheme, the ESS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESS Committee may in its discretion deem fit necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.
- 20.3 The Board will have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the ESS Committee and appoint replacement members to the ESS Committee; and
 - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to these By-Laws.
- 20.4 The ESS Committee has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the duration of the Scheme.

21. IMPLEMENTATION OF THE SCHEME

- 21.1 In implementing the Scheme, the ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Companies Act and the Listing Requirements, decide that the Awards be satisfied either by way of:
- (a) issuance of new EATECH Shares;
 - (b) acquisition of existing EATECH Shares from the open market;
 - (c) transferring EATECH Shares held in treasury;
 - (d) payment by cash; or
 - (e) a combination of any of the above.
- 21.2 In considering the settlement of the Awards, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of EATECH Shares, funding considerations and dilutive effects on EATECH's capital base. For the avoidance of doubt, should the ESS Committee decide to satisfy the Awards via payment by cash, the amount to be paid to the Participant for each Share Grant or ESS Option exercised will be the excess of the 5-day volume weighted average market price of EATECH Shares up to the date of Shares Grant or exercise of the ESS Options over the Exercise Price, if any.

21A. TRUSTEE

- 21A.1 EATECH and/or the ESS Committee may if so required establish a Trust to be administered by the Trustee for the purposes of implementing the Scheme. To enable the implementation of the Scheme and the acquisition or subscription of the EATECH Shares to satisfy the Shares Grants, the Trustee may, to the extent permitted by law, receive funds from the EATECH Group or any other person in such bank account(s) to be established by the Trustee for the purpose of the Trust.
- 21A.2 The Trustee shall administer the Trust in accordance with the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administering of the trust as the ESS Committee may in its discretion direct for the purpose of implementation or administration of the Trust.
- 21A.3 EATECH shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The ESS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

22. QUOTATION

In cases where the Shares Grant and/or ESS Options are satisfied by the issue of new EATECH Shares, the new EATECH Shares to be allotted will not be listed or quoted on the Main Market of Bursa Securities until an application is made to Bursa Securities for such listing and quotation of the new EATECH Shares.

23. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SCHEME

- 23.1 Subject to the By-Law 23.2 and in compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of these By-Laws as it shall in its discretion deems fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of these By-Laws upon such recommendation PROVIDED ALWAYS THAT no modification, variation and/or amendment of these By-laws shall be made which will:
- (a) materially prejudice any rights which would have accrued to any Participants without the prior consent or sanction of the affected Participants;
 - (b) increase the number of EATECH Shares available under the Scheme beyond the Maximum Awards;
 - (c) prejudice any rights of the shareholders of the EATECH; or

(d) alter to the advantage of any Participant or group of Participants or all the Participants in respect of any matters which are required to be contained in the By-laws unless allowed otherwise by the provisions of the Listing Requirements.

23.2 Any modifications, variations and/or amendments to the By-laws shall not contravene any of the provisions stipulated under the Listing Requirements and/or any other relevant regulatory authority in relation to share issuance schemes and/or share grant schemes.

23.4 The Participants shall be given written notices in the term prescribed by the ESS Committee from time to time if any conditions, modification, variation and/or amendment of these By-laws within five (5) Market Days of any of the foregoing taking effect.

23.5 The approval of the shareholders of EATECH in general meeting shall not be required in respect of modification, variation and/or amendment of these By-Laws save and except if such modification, variation and/or amendment would provide an advantage to any Participant or group of Participants or all the Participants unless otherwise permitted under the provisions of the Listing Requirements.

23.6 Each time a modification, variation and/or amendment is made to these By-Laws, EATECH must submit to Bursa Securities, the modified, varied and/or amend By-Laws and a letter of compliance stating that the said modification, variation and/or amendment is in compliance with the provisions of the guidelines on employee share scheme stipulated under the Listing Requirements and the Rules of Bursa Depository no later than 5 Market Days from the effective date of the said modification, variation and/or amendment.

24. NON-TRANSFERABILITY

The rights of a Participant to the vesting of Shares Grant and or to ESS Options are personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 15.3, 16.1 and 17.1 (where applicable) apply. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the ESS Option and/or SGP Grant (as the case may be).

25. DISPUTES

In the event of any dispute between the ESS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference are to be referred the Board whose decision will be final and binding on all parties in all respects.

26. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE

This Scheme does not form part of or will not in any way be construed as forming part of the terms and conditions of employment or contract of service of any Director or employee. This Scheme will not confer or be construed to confer on any Director and/or employee any special rights or privileges over the Director and/or employees' terms and conditions of employment or contract of service in the EATECH Group or any rights in addition to compensation or damages that the Director and/or employee may be normally entitled to arising from the cessation of such employment or contract of service.

27. COMPENSATION

27.1 No Directors, employees or Participants who cease to hold office in or employment or under a contract of service with the EATECH Group will be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.

27.2 EATECH, the Board, the Trustee and the ESS Committee will not be liable for any compensation, loss or damages of any claim, action or proceeding by any Director, employee, Participant or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to the vesting of Shares Grant and/or his rights to exercise his ESS Options, ceasing to be valid pursuant to the provisions of these By-Laws.

28. DIVESTMENT FROM THE GROUP

28.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the EATECH Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESS Committee may in its discretion permit the vesting of Unvested Awards (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

28.2 All ESS Options which may be allowed by the ESS Committee to be exercisable under By-Law 28.1(b), to the extent unexercised by the date prescribed by the ESS Committee, will automatically lapse and will become null and void.

29. TRANSFER TO OTHER COMPANIES NOT WITHIN THE GROUP

29.1 Notwithstanding By-Law 15.1, in the event a Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to an associate company of EATECH, the Participant will be entitled to:

- (a) continue to have a right in any Unvested Awards; and
- (b) exercise any Unexercised Options,

upon the same terms and conditions as may be set out in the Offer as if the Participant is still in employment or under a contract of service with the Group for the purposes of the Scheme Period.

29.2 In the event that a person who was in the employment or under a contract service of a company which subsequently becomes a Subsidiary as a result of a restructuring or acquisition or otherwise involving EATECH and/or any company within the Group, such person (“**Affected Participant**”) will, if the Affected Participant satisfies all the relevant conditions of these By-Laws, be eligible to be considered for an Offer for the remaining Scheme Period at the discretion of the ESS Committee.

30. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

All Participants will be entitled to inspect a copy of the latest audited financial statements of EATECH at the registered office of EATECH from Monday to Friday (excluding public holidays) during normal office hours.

31. FEES, COSTS, EXPENSES AND TAXES

31.1 All fees, costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses (including stamp duty, if any) relating to the allotment and issue, and/or transfer of EATECH Shares pursuant to the Shares Grant and/or exercise of any ESS Options (excluding Exercise Price of such ESS Option), shall be borne by EATECH.

31.2 For the avoidance of doubt, each Participant will be solely responsible for any taxes (including income tax) which may be levied on the Participant arising out of or as a result of such allotment and issuance and/or transfer of EATECH Shares.

32. CONSTITUTION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution of EATECH and/or the Listing Requirements, the provisions of the Constitution of EATECH and/or the Listing Requirements will prevail to the extent of such conflict.

33. ERRORS AND OMISSIONS

If in consequence of an error or omission, the ESS Committee discovers/determines that:

- (a) a Director and/or an employee who was selected by the ESS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of the EATECH Shares allotted and issued and/or transferred to any Participant (including those allotted and issued and/or transferred pursuant to an exercise of ESS Option(s)) on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESS Committee may do all such acts and things to rectify such error or omission and ensure that the Participant is given the opportunity to participate in the Scheme and/or the aggregate number of EATECH Shares to which the Participant is correctly entitled to is credited into his CDS Account.

34. NOTICE

34.1 Any notice under the Scheme required to be given to or served upon the ESS Committee by a Director, employee, Participant or any correspondence to be made between a Director, employee, Participant to the ESS Committee will be given or made in writing and sent to the registered office of EATECH at **Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor Daruk Takzim** or any other business address which may be notified (from time to time) in writing by the ESS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered post.

34.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon a Director, employee, Participant and correspondence to be made with a Director, employee or Participant will be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the EATECH to the Eligible Person or the Participant at the last address known to the Company as being his/her address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the Participant, such notice or request shall be deemed to have been received on the date of delivery;
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Participant, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the EATECH.

Any change of address of the the Participant or Eligible Person shall be communicated in writing to the Company and the ESS Committee.

- 34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by EATECH or the ESS Committee under these By-Laws in relation to matters which may affect all the Directors, employees or Participants, as the case may be, EATECH or ESS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 will be deemed to be sufficiently given, served or made to all affected Directors, employees, or Participants, as the case may be.

35. SEVERABILITY

If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same will be ineffective to the extent of such illegality, voidability or unenforceability without invalidating the remainder thereof, and any such illegality, voidability or unenforceability will not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

36. DELAY OF PERFORMANCE

The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of EATECH or the ESS Committee.

37. DISCLAIMER OF LIABILITY

- 37.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESS Committee, the Trustee and EATECH, the Board (including Directors of EATECH who have resigned but were on the Board during the Scheme Period) will not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Participant howsoever arising in the event of:-

- (a) any delay on the part of EATECH, the Trustee and ESS Committee in allotting and issuing new EATECH Shares and/or applying for or procuring the listing of the new EATECH Shares on Bursa Securities and/or transferring the Shares Grant in accordance with these By-Laws for any reason whatsoever.
- (b) any delay in crediting the new EATECH Shares into the CDS Account as stated in the notice of exercise given by the Participant; and
- (c) any other matter or dealing which is outside the control of the Company.

37.2 The Participant will at all times indemnify and keep EATECH indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by EATECH at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by EATECH as a result thereof and the Participant will promptly upon a demand being made by EATECH pay to EATECH all amounts so paid incurred suffered or sustained by EATECH.

38. DECISION OF THE ESS COMMITTEE

Any decision and/or determination made by the ESS Committee under these By-Laws will, in the absence of any manifest of error, be final and binding.

39. GOVERNING LAW

The Scheme is governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer in accordance with the By-Laws and terms of the Scheme and the Constitution of EATECH, irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties arising out of these By-Laws.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any information in this Circular false or misleading.

The Board will immediately inform and announce to the Bursa Securities if the Board becomes aware of any circumstance or significant change which has or will have material effect on the information in this Circular.

In respect of the Proposed Exemption, the Board will immediately inform the Securities Commission if the Board becomes aware of any circumstance or significant change which has or will have material effect on the information in this Circular, pursuant to subparagraph 11.07(1) of the Rules.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS**2.1 Malacca Securities**

Malacca Securities, being the Principal Adviser for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist that affect or may affect their ability to act independently and objectively in its capacity as the Principal Adviser for the Proposed Regularisation Plan.

For information, save for being the Principal Adviser for the Proposed Regularisation Plan, Malacca Securities has not been engaged in any other transaction(s) with and perform services for EATECH and/or its affiliates.

2.2 Protégé

Protégé, being the Independent Market Researcher for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name, its independent market researcher report and all references thereto in the form and context in which they appear in this Circular.

Protege has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist that affect or may affect their ability to act independently and objectively in its capacity as the Independent Market Researcher for the Proposed Regularisation Plan.

2.3 Vaersa

Vaersa, being the Internal Control Reviewer for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name, its internal control review and risk management report and all references thereto in the form and context in which they appear in this Circular.

Vaersa has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist that affect or may affect their ability to act independently and objectively in its capacity as the Internal Control Reviewer for the Proposed Regularisation Plan.

2.4 KPMG

KPMG, being the Reporting Accountants for the Proposed Regularisation Plan, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name, report on the compilation of the proforma consolidated statement of financial position of EATECH for the FYE 31 December 2023 and all references thereto in the form and context in which they appear in this Circular.

KPMG has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist that affect or may affect their ability to act independently and objectively in its capacity as the Reporting Accountant for the Proposed Regularisation Plan.

2.5 cfSolutions

cfSolutions, being the Independent Adviser to the Non-Interested Shareholders of EATECH for the Proposed Exemption, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they so appear in this Circular.

cfSolutions has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist that affect or may affect their ability to act independently and objectively in its capacity as the Independent Adviser to the Non-Interested Shareholders for the Proposed Exemption.

3. MATERIAL CONTRACTS

Save for the Subscription Agreement, as at LPD, there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Circular.

(i) Disposal of Vessels

The Group have entered into the respective memorandum of agreement (“**MOA**”) for the disposal of its vessels:

- (a) MOA dated 8 March 2021 between EATECH and PT. Dutabahari Menara Line JL (“**Dutabahari**”) for the sale of a vessel namely Nautica Pagoh by EATECH to Dutabahari for a purchase price of USD4,220,000.00. Dutabahari has inspected the vessel on 8 February 2021 and has accepted the said vessel upon inspection. The purchase price has been fully settled by Dutabahari on 5 April 2021 marking the completion of this MOA;
- (b) MOA dated 27 May 2021 between EATECH and Bumi Jaya Shipcare Sdn Bhd (“**Bumi Jaya**”) for the sale of a vessel namely MV Nautica Tg. Puteri XXXIV by EATECH to Bumi Jaya for a purchase price of RM1,600,000.00. The purchase price has been fully settled by Bumi Jaya and protocol of delivery and acceptance was completed on 17 June 2021;
- (c) MOA dated 2 July 2021 between EATECH and Diesel Power Technologies (M) Sdn Bhd (“**Power Technologies**”) for the sale of a vessel namely MV Nautica Tg. Puteri IV by EATECH to Power Technologies for a purchase consideration of RM1,000,000.00. The purchase price has been fully settled by Power Technologies and protocol of delivery and acceptance was completed on 24 August 2021;
- (d) MOA dated 20 August 2021 between EATECH and PG Timur Sdn Bhd (“**PG Timur**”) for the sale of a vessel namely Nautica Tg. Puteri XXXIII by EATECH to PG Timur for a purchase price of RM4,000,000.00. The purchase price has been fully settled by PG Timur and protocol of delivery and acceptance was completed on 11 February 2022;

- (e) MOA dated 16 December 2021 between EATECH and SAZ Marine & Engineering Sdn Bhd (“**SAZ**”) for the sale of 5 vessels by EATECH to SAZ for a total purchase price of RM252,000.00. The details of the vessels and purchase price are as follows:

No.	Name of Vessel	Purchase Price
1	Nautica Tg. Puteri VII	RM15,000.00
2	Nautica Tg. Puteri VIII	RM20,000.00
3	Nautica Tg. Puteri IX	RM150,000.00
4	Nautica Tg. Puteri XXXV	RM42,000.00
5	Nautica Tg. Puteri XXXVI	RM25,000.00
Total Purchase Price		RM252,000.00

The purchase price has been fully settled by SAZ and protocol of delivery and acceptance was completed on 14 January 2022;

- (f) MOA dated 22 February 2022 between EATECH and PG Timur for the sale of a vessel namely Nautica Tg. Puteri II by EATECH to PG Timur for a purchase price of RM5,000,000.00. The purchase price has been fully settled by PG Timur and protocol of delivery and acceptance was completed on 10 January 2023;
- (g) MOA dated 2 April 2022 between EATECH and AICL Overseas FZ LLC (“**AICL**”) for the sale of a vessel namely Nautica Batu Pahat by EATECH to AICL for a purchase price of USD3,100,000.00. The purchase price has been fully settled by AICL and protocol of delivery and acceptance was completed on 11 May 2022;
- (h) MOA dated 15 April 2022 between EATECH and C&M Co. Ltd (“**C&M**”) for the sale of a vessel namely Nautica Renggam by EATECH to C&M for a purchase price of USD5,050,000.00. The purchase price has been fully settled by C&M and protocol of delivery and acceptance was completed on 21 June 2022;
- (i) MOA dated 20 June 2022 in respect of the sale of Nautica Kota Tinggi to Petroleum Gulf Energy Trading LLC (“**PGET**”) for a purchase price of USD4,650,000.00. The purchase price has been fully settled by PGET and protocol of delivery and acceptance was completed on 3 October 2022;
- (j) MOA dated 19 September 2022 in respect of the sale of Nautica Maharani to Glory International FZ-LLC (“**Glory International**”) for a purchase price of USD4,200,000.00. The purchase price has been fully settled by Glory International and protocol of delivery and acceptance was completed on 5 October 2022;
- (k) MOA dated 9 March 2023 in respect of the sale of Nautica Muar to Alpha Metallum DMCC (“**Alpha Metallum**”) for a purchase price of USD3,400,000.00. This MOA was subsequently terminated by EATECH as the deposit was not paid by Alpha Metallum;
- (l) MOA dated 27 June 2023 in respect of the sale of Nautica Muar to Portland Vessel Limited (“**Portland Vessel**”) for a purchase price of USD6,045,000.00. The purchase price has been fully settled by Portland Vessel and protocol of delivery on and acceptance was completed on 16 September 2023 and payment received from the escrow agent on 19 September 2023; and

- (m) MOA dated 16 April 2024 in respect of the sale of Nautica Air Hitam to Singapore Salvage Engineers Pte Ltd for a purchase price of RM1,700,000.00. The purchase price has been fully settled, and the protocol of delivery and acceptance was completed on 2 May 2024.

(ii) Acquisition of Vessel

MOA dated 8 September 2022 in respect of the purchase of a vessel Nautica XXXVIII from Poet Shipbuilding & Engineering Pte Ltd ("**Glory International**") for a purchase price of USD3,750,000.00. EATECH has confirmed that it has settled the purchase price on 9 January 2023, and protocol of delivery and acceptance was completed on 12 January 2023.

(iii) Settlement Agreements

- (a) Settlement Agreement dated 8 March 2021 between EATECH and MMHE ("**MMHE Settlement Agreement**")

EATECH and MMHE are parties to a letter of award dated 9 June 2015, contract for '*Provision for Demolition, Refurbishment And Conversion Of M.T. Nautica Bergading (Ex- Sark) into a Floating, Storage And Offloading (FSO) Facility For Full Field Development (FFD) Project, North Malay Basin (NMB)*' and a letter of undertaking dated 22 June 2018 ("**LOU**"). Pursuant to the LOU, Sindora Berhad which is EATECH's immediate holding company, issued a corporate guarantee to MMHE on 28 June 2018 in which Johor Corporation, EATECH's ultimate holding corporation issued a letter of awareness to MMHE on 4 July 2018. Dispute arose which led to an adjudication decision on 27 May 2019 ("**1st Adjudication Decision**"), 4 December 2019 ("**2nd Adjudication Decision**") and an arbitration award dated 10 November 2020 ("**Arbitration Award**"). Several legal proceedings were commenced between the parties at the High Court and certain decisions of the High Court had been appealed to the Court of Appeal. The Parties have negotiated and entered into the MMHE Settlement Agreement.

In full and final settlement of the disputes between the Parties including MMHE's rights under the 1st Adjudication Decision, the 2nd Adjudication Decision and EATECH's rights to challenge the same save for MMHE's enforcement or execution rights under the judgment obtained, EATECH agrees to pay and MMHE agrees to accept the sum of USD25,500,000.00 inclusive of interest and costs ("**MMHE Settlement Sum**"). Subject to the term of the MMHE Settlement Agreement, the MMHE Settlement Sum shall be paid by EATECH as follows by way of bank transfer and/or cheque:

- (i) USD6,000,000.00 shall be paid on or before 31 July 2021;
- (ii) USD9,000,000.00 shall be paid before 31 January 2022;
- (iii) USD8,500,000.00 shall be paid before 31 July 2022; and
- (iv) The balance sum of USD2,000,000.00 shall be paid in 16 monthly instalments of USD125,000.00 from October 2021 to January 2023 in which each monthly instalment shall be due and payable on 15th of each month.

The Parties have also agreed to terminate their respective legal proceedings against each other with no liberty to file afresh.

MMHE is part of the scheme creditors under the SOA, therefore, all previous claims (including the MMHE Settlement Agreement) by the scheme creditors would be superseded and replaced with the terms of the SOA.

- (b) Deed of Settlement dated 8 April 2021 between Vin Marine Corporation Sdn Bhd ("**VMC**") and EATECH

EATECH unconditionally acknowledged and agreed that EATECH is indebted to VMC for the sum of RM419,957.60 being the final and agreed outstanding sum for services rendered by VMC to EATECH ("**Debt**"). EATECH shall pay RM419,957.60 as full and final settlement made payable to VMC 's account ("**VMC Settlement Sum**") in the following manner:

- (i) The transfer of RM80,000.00 on 15 April 2021;
- (ii) The transfer of RM80,000.00 on 15 May 2021;
- (iii) The transfer of RM80,000.00 on 15 June 2021;
- (iv) The transfer of RM80,000.00 on 15 July 2021;
- (v) The transfer of RM80,000.00 on 15 August 2021; and
- (vi) The transfer of RM19,957.60 on 15 September 2021.

Pending clearance of the Settlement Sum, VMC agree to withhold all legal proceedings against EATECH and upon receipt and clearance, the parties agree that there shall be a full and final settlement of all disputes and accounts in respect of and/or arising from the Debt between them and thereafter neither party shall have any claims pertaining to the Debt against the other party. The VMC Settlement Sum has been settled in November 2021.

- (c) Settlement Agreement dated 25 August 2021 between Evertech Marine Automation Service PTE Ltd ("**Evertech**") and EATECH

There is a total outstanding balance principal sum of SGD 332,071.00 ("**Outstanding Sum**") payable to Evertech by EATECH for the supply of dry docking, repair and/or maintenance services to EATECH's vessels, namely Nautica Kota Tinggi, Nautica Batu Pahat, Nautica Renggam, Nautica Johor Bahru, Nautica Pagoh and Nautica Maharani. The Parties entered into a full and final settlement for the outstanding sums. EATECH shall pay to Evertech the settlement sum of SGD332,071.00 ("**Evertech Settlement Sum**") shall be paid in 6 instalments in the following manner:

- (i) Instalment sum of SGD 55,345.17 on 30 August 2021;
- (ii) Instalment sum of SGD 55,345.17 on 30 September 2021;
- (iii) Instalment sum of SGD 55,345.17 on 30 October 2021;
- (iv) Instalment sum of SGD 55,345.17 on 30 November 2021;
- (v) Instalment sum of SGD 55,345.17 on 31 December 2021; and
- (vi) Instalment sum of SGD 55,345.17 on 31 January 2022.

The Evertech Settlement Sum has been fully settled in January 2022.

- (d) Sindora Settlement Agreement dated 27 February 2023 between Sindora and EATECH

The parties have agreed that, subject to the other terms and conditions of the Sindora Settlement Agreement, the total sum of RM44,273,437.50 given under a corporate guarantee ("**Sindora Outstanding Sum**") shall be settled by EATECH to Sindora, in the following manner:

- (a) payment of upfront cash amounting to RM26,000,000.00, which shall be funded via private placement exercise upon completion of the private placement;

- (b) subject to finalization of the SOA:
 - (i) cash payment of RM942,300.00 shall be paid from the scheme to Sindora, in place of MMHE upon completion of the SOA; and
 - (ii) the remaining balance of RM15,317,262.50 ("**Remaining Balance**"), shall be settled by monthly instalments within three (3) years commencing from 30 January 2024, in accordance with the repayment schedule in the Sindora Settlement Agreement.

Sindora shall waive the payment of RM2,000,000.00 from the Sindora Outstanding Sum.

- (e) Settlement Agreement dated 27 February 2023 between EATECH and Surya Nautika Sdn Bhd ("**Surya**")

EATECH has supplied Surya with a fast crew boat namely Nautica Tg Puteri XXX under the terms of a Simco Standard Bareboat Charter dated 26th October 2021, pursuant to which EATECH has issued Invoices totaling RM1,127,379.67 ("**Surya Settlement**"). Surya has agreed to pay the Debt in full by installments on the following terms:-

- (i) Installment sum of RM75,000 on 28 February 2023;
- (ii) Installment sum of RM75,000 on 31 March 2023;
- (iii) Installment sum of RM162,869.61 on 30 April 2023;
- (iv) Installment sum of RM162,869.61 on 31 May 2023;
- (v) Installment sum of RM162,869.61 on 30 June 2023;
- (vi) Installment sum of RM162,869.61 on 31 July 2023;
- (vii) Installment sum of RM162,869.61 on 30 August 2023; and
- (viii) Installment sum of RM162,869.61 on 30 September 2023.

The Surya Settlement has been fully settled on 23 October 2023.

- (f) Settlement Agreement dated 21 September 2023 between EATECH, Specialised Marine Sdn Bhd ("**SMSB**") and Kersani Nusantara Sdn Bhd ("**KNSB**") ("**SMSB and KNSB Settlement Agreement**")

SMSB has defaulted on the charter hire payment due to EATECH under a bareboat charter agreement between EATECH and SMSB, for an outstanding sum of RM 1,107,520.00 ("**SMSB Debt**"). Pursuant to the SMSB and KNSB Settlement Agreement, KNSB has agreed to assume the SMSB Debt, and to settle the SMSB Debt in the following manner:

- (i) a sum of RM518,500.00 shall be offset against amounts due by EATECH to KNSB under a ship management contract dated 2023 entered into between them for the management of Nautica Tanjung Puteri XXX ("**Vessel**");
- (ii) the balance sum of RM589,020.00 ("**Balance Sum**") shall be paid over a period of 12 months from 1 November 2023 until 31 October 2024, and paid by KNSB to EATECH in 12 monthly instalments.

The above settlement arrangement is subject to the fulfilment of the following condition precedents:

- (i) SMSB and KNSB shall procure a guarantor to provide an irrevocable and unconditional guarantee for the full payment of the SMSB Debt and the performance of all obligations by KNSB;
- (ii) KNSB shall provide its board of directors' resolution approving the terms and conditions of the SMSB and KNSB Settlement Agreement; and
- (iii) SMSB obtaining the approval of Dinastia Jati Sdn Bhd ("**DJSB**") the termination of the TCPA and the execution of a new time charter party agreement for the time charter of the Vessel between DJSB and EATECH.

EATECH has confirmed that as at the date hereof, the condition precedents above have been fulfilled. EATECH terminated the SMSB and KNSB Settlement Agreement on 3 May 2024 due to KNSB default on the payment for the Balance Sum.

For information, as at LPD, the total outstanding amount owing by KNSB is RM2,259,372.24. Concurrently, there is an amount outstanding of RM1,614,889.50 owing to KNSB by EATECH. At this juncture, the parties are still in negotiation on a proposed settlement. In the event, a settlement cannot be agreed, the Group may be required to make a provision for impairment for the net amount of RM644,482.74 and consider legal proceedings. As at LPD, EATECH is evaluating the next course of action on the matter.

For avoidance of doubt, the Group does not expect any material adverse impact to the Group's business operations as a result of the above nor does it expect any adverse impact to the Prescribed Criteria in Paragraph 2.1 of PN17 upon completion of the Proposed Regularisation Plan.

(iv) Subscription Agreements

EATECH had entered into the Subscription Agreements, all dated 13 March 2023, with Eco Offshore Services Sdn Bhd, Tan Sri Abdul Halim bin Ali and Khiruddin Ibrahim bin Said to subscribe for 53,050,000 subscription shares at a subscription price of RM1.1131 to raise total proceeds of RM60.0 million. Due to unforeseen circumstances, EATECH and the said subscribers had on 24 July 2023, mutually agreed to terminate the subscription agreements.

4. MATERIAL LITIGATION

As at LPD, save as disclosed below, neither the Company nor its subsidiaries are involved in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group:

- (i) **EATECH vs Global Marine & Offshore Sdn Bhd ("Global Marine") and Karina Shipping Ltd ("Karina") – Proposed Scheme of Arrangement and Restraining Order (Kuala Lumpur High Court Suit No.: WA-27NCvC-97-02/2022) ("Creditors' Scheme Suit")**

a. Court Convened Meeting

On 18 February 2022, EATECH filed an originating summons for a scheme of arrangement under section 366 of the Act.

On 11 November 2022, EATECH issued a notice convening a creditors' scheme meeting with the Explanatory Statement dated 11 November 2022 for the Proposed Scheme Arrangement and served the same to its scheme of creditors.

The Creditors' Court Convened Meeting was held on 5 December 2022, and the Proposed Scheme of Arrangement was approved by the scheme of creditors. On 4 January 2023, EATECH obtained an order under section 366 of the Act to sanction the Proposed Scheme Arrangement ("**Scheme Order**"). EATECH lodged in the Scheme Order with the Companies Commission of Malaysia on 13 January 2023.

b. Restraining Order

EATECH filed an application for a restraining order with a certificate of urgency on 18 February 2022 and successfully obtained it on 28 February 2022 with leave to convene creditors' meetings before the Court ("**Restraining Order**").

On 19 May 2022, EATECH filed a notice of application for an extension of the Restraining Order. On 24 May 2022, EATECH successfully obtained a first extension for the Restraining Order, extending the Restraining Order for six months until 28 November 2022.

Subsequently, EATECH applied and obtained a second extension of the Restraining Order on 22 November 2022, extending the Restraining Order for three months until 28 February 2023.

On 4 January 2023, the Court ordered that the Restraining Order shall exclude Karina's In Rem Action (see section (ii) below).

c. Security Deposit Consent Order

On 8 September 2022, Karina (as defined below) filed an application to intervene in the scheme proceedings, and the Court has granted its intervention application. The Court has previously, on 17 June 2022, granted leave for the disposal of three vessels, which include Nautica Muar (International Maritime Organization (IMO) No. 8601848) Malaysia ("**Nautica Muar**"). For information, Karina has filed a writ in rem action against the owner of Nautica Muar in the Kuala Lumpur High Court, Admiralty in Rem No. WA-27NCC-12-02/2021 ("**Karina's In Rem Action**") (see section (ii) below).

On 16 November 2022, Karina filed a Notice of Application to stay the sale of Nautica Muar pending the disposal of the Karina In Rem Action or in the alternative for a declaration that a portion of the sale proceeds of Nautica Muar in relation to Karina's claim in Karina's In Rem Action amounting to USD2,379,964.91 ("**Security Deposit**"), including interest, be deposited with the Court, pending the disposal of Karina's In Rem Action.

EATECH agreed to Karina's proposal for the Security Deposit from the sale of Nautica Muar to be deposited and retained in the Court pending the disposal of Karina's In Rem Action.

Karina and EATECH entered into a consent judgment on 17 January 2023 whereby the Court ordered that the Security Deposit from the sale proceeds of the vessel Nautica Muar be deposited, as security In Rem Action, in a joint stakeholders' account and upon the Security Deposit being deposited into the said stakeholder's account, Karina shall absolutely and unconditionally release and/or waive any encumbrance over the Nautica Muar arising from the In Rem Action or any further demands, claims, remedies whatsoever in law in Malaysia or anywhere else against the vessel ("**Consent Order**") and the Consent Order shall be made known to any potential buyer of Nautica Muar or to any banks or financiers or third parties related to the sale of the Nautica Muar and to the Admiralty Court hearing the In Rem Action whereupon the Nautica Muar shall not be in any way whatsoever be the subject matter/security of the Karina's In Rem Action.

The Group has used internal funding to deposit the Security Deposit into the joint stakeholders' account.

(ii) Karina Shipping Ltd (a St. Vincent and the Grenadines company)("Karina") vs EATECH (Kuala Lumpur High Court Suit No.: WA-27NCC-12-02/2021) ("Karina's In Rem Action")

Karina had filed a writ-in-rem on 18 February 2021, alleging that via a memorandum of agreement dated 30 August 2011 and addendums dated 1 September 2011 and 4 October 2011 for the sale and purchase of the vessel, Nautica Muar (IMO No. 8601848), owned by EATECH. Karina is claiming, amongst others, for the sum of USD1,080,000.00 and interest of 12% per annum from 27 October 2011 until full settlement. EATECH have filed a memorandum of appearance and submit a striking-out application against the writ-in-rem.

The proceedings of the case was then put on hold by the Court due to the Restraining Order obtained by EATECH on 28 February 2022. Karina subsequently applied to intervene in the scheme proceedings and subsequently on 17 January 2023 the Consent Order was obtained (detailed intervention and the Consent Order proceeding is discussed in Section (i)(b) above).

On 4 January 2023, the Court in Creditors' Scheme Suit ordered that the in-rem proceeding be excluded from the Restraining Order. The Court has fixed the hearing for the strike-out application on 27 January 2023. The striking-out application hearing was held on 27 January 2023, however, on 16 February 2023 the Court has decided to dismiss the striking out application.

On 29 March 2023, EATECH has made the payment of the Security Deposit into a stakeholder's account. The trial hearings were held on 15 January 2024 until 18 January 2024. The final hearing of the case has been heard on the 9 May 2024. The Court has dismissed the Karina's suit on 9 May 2024 with cost of RM100,000. As at the LPD, no appeal has been filed by Karina. For information Karina has 30 days from the date of decision to appeal.

In the event that EATECH fails to defend the suit, the Group will expense off the Security Deposit or claims by Karina which amount to approximately USD2,379,964.91 in the books accordingly. Further, the solicitors-in-charge are of the view that the chances of defending the suit are considerably good. The Group is of the view that the claims would not trigger any Prescribed Criteria pursuant to paragraph 2.1 of the PN 17.

(iii) **EATECH vs Vestigo Petroleum Sdn Bhd
(Asian International Arbitration Centre No. AIAC/D/ADM-1204-2023)**

EATECH had served Vestigo Petroleum Sdn Bhd (“**VPSB**”) a notice of arbitration dated 27 June 2023 (“**Notice of Arbitration**”) pursuant to a Novation Agreement dated 11 April 2017 entered between EATECH, MTC Engineering Sdn Bhd (“**MTCE**”) and VPSB, whereby MTCE novated its rights and obligations under a supplementary agreement dated 30 March 2017 with VPSB to EATECH (“**Novation Agreement**”). EATECH claims that VPSB had failed to return Nautica Muar before the expiry of the lease under the Novation Agreement, and VPSB had also failed to return Nautica Muar in the same condition as the time of delivery of Nautica to VPSB, resulting in loss and damages.

VPSB has filed its Response to the Notice of Arbitration, denying EATECH’s claims and counterclaims for damages it has suffered as a result of EATECH’s breach of the Novation Contract, which includes losses VPSB suffered as a result of the shutdown of oil production when leakage occurred inside the duct keel of Nautica Muar.

The arbitration tribunal was constituted on 19 September 2023. The arbitration tribunal issued a Procedural Order on 26 October 2023 instructing the parties to file their statement of claims, statement of defence and counterclaim. EATECH has then filed its Statement of Claim on 22 December 2023, claiming, inter alia, the sum of RM100,951,875.00 for loss suffered from the breach of the Novation Agreement and also the sum of RM20,250,000.00 being the cost to make good the condition of Nautica Muar.

VPSB filed its Statement of Defence on 16 February 2024, which denied EATECH’s claims, and prayed for all the reliefs or remedies claims in EATECH’s Statement of Claim to be dismissed. EATECH filed Statement of Reply to Statement of Defence on 12 April 2024. As at the LPD, the arbitration tribunal has yet to fix the hearing date for the trial.

The Board is of the view that this Arbitration case is not expected to have any potential business or operational impact on the Company. At this juncture, EATECH is unable to determine reliably the financial impact of the arbitration proceedings as this is subject to any counterclaim that may be raised by VPSB in the course of the arbitration proceedings.

(iv) **EATECH v VPSB
(Kuala Lumpur High Court No. WA-27NCC-43-08/2023)**

EATECH has served its writ and statement of claims, both dated 15 August 2023, to VPSB. The suit arises from the VPSB’s Letter of Award dated 26.02.2020 (“**LOA**”), which appointed EATECH to provide to supply manpower and crew, offer crew management services and make arrangements for class survey and marine satellite services (collectively referred to as “**Manpower Services**”) for EATECH’s vessel, Nautica Muar which was chartered by VPSB.

Subsequently, the LOA was terminated, and EATECH incurred expenses and costs for the Manpower Services under the LOA. Despite EATECH’s several attempts to demand payment for the Manpower Services, VPSB has failed to pay for the expenses of the Manpower Services incurred. EATECH claims the sum of RM6,455,037.33 for the Manpower Services provided, general damages, costs and interest.

In response, VPSB filed its Defence and Counterclaims dated 19 September 2023, where VPSB contest EATECH’s claims and counterclaims for general damages for the cost incurred for repair of leakage occurred inside Nautica Muar during the charter period. The Court has set the next case management on 18 June 2024.

The Court has set the trial dates on 21 August 2024 until 22 August 2024 and on 17 September 2024 until 19 September 2024.

The Board is of the view that the litigation proceedings are not expected to have any potential business or operational impact on the Company. At this juncture, EATECH is unable to determine reliably the financial impact of the litigation proceedings as this is subject to any counterclaim that may be raised by VPSB in the course of the litigation proceedings.

As at LPD, EATECH is a defendant to only one suit (reference is made to **Section 4(ii)** of **Appendix VII** above). In regards to this suit, whilst Karina has filed a writ-in-rem against EATECH, the solicitors-in-charge are of the view that the chances of defending the suit are considerably good. In the event that EATECH fails to defend the suit, the Group will expense off the Security Deposit or claims by Karina and in turn reduces the final proceeds from the Asset Disposal Program accordingly. In view of the above, the Group opines that it has a fair chance of success for all the cases and would not trigger any Prescribed Criteria pursuant to paragraph 2.1 of the PN 17. For the cases where EATECH emerged as the plaintiff, the Board is of the view that these litigation proceedings are not expected to have any potential business or operational impact on the Company.

Premised on the above, based on the information available as at LPD, the aforementioned litigations are not expected to result in EATECH re-triggering any PN17 Prescribed Criteria.

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1 Material Commitments

Save as disclosed below and the amount due to scheme creditors and Sindora, as at LPD, there are no material commitments incurred or known to be incurred by the Group which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

For the avoidance of doubt, as at LPD, the drydocking expenses set out in **Section 16** of **Appendix I(C)** of this Circular is merely an estimate and has not been approved and/or contracted.

5.2 Contingent Liabilities

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at Level 11, Menara KOMTAR Johor Bahru City Centre 80000 Johor Bahru Johor Darul Takzim, from **8:00 a.m. to 5:30 p.m. on Sunday to Thursday** (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) Constitution of EATECH;
- (ii) Audited consolidated financial statements of EATECH for FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, and unaudited consolidated financial statements of EATECH for FPE 31 March 2024;
- (iii) the Subscription Agreements dated 13 March 2023 between EATECH with Eco Offshore Services Sdn Bhd, Tan Sri Abdul Halim bin Ali and Khiruddin Ibrahim bin Said;
- (iv) the Subscription Agreements dated 7 November 2023 between EATECH with the Subscribers;

APPENDIX VII – FURTHER INFORMATION (CONT'D)

- (v) Settlement Agreement;
- (vi) the letters of consent and declaration of conflict of interest referred to in **Section 2** of this **Appendix VII**; and
- (vii) the relevant cause papers for the material litigations referred to in **Section 4** of this **Appendix VII**.

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"the shipping people"

E.A. TECHNIQUE (M) BERHAD

(Registration No.: 199301001779 (256516-W))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of E.A. Technique (M) Berhad ("**EATECH**" or the "**Company**") will be held at Key 2, Level 7, St. Giles Southkey Johor Bahru Hotel, Mid Valley Southkey, 1, Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia, on Monday, 24 June 2024 at 1:00 p.m., or immediately after the conclusion of the Company's 30th Annual General Meeting scheduled to be held at the same venue on the same day at 12:00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED SHARES ISSUANCE OF UP TO 795,750,000 NEW ORDINARY SHARES IN EATECH ("EATECH SHARES" OR "SHARES") ("SUBSCRIPTION SHARES"), REPRESENTING APPROXIMATELY 60.0% OF THE ENLARGED SHARE CAPITAL OF EATECH ("PROPOSED SHARES ISSUANCE")

"THAT subject to the passing of Ordinary Resolution 2 and Ordinary Resolution 3 and the approvals of all the relevant authorities and/or parties being obtained (where applicable), approval be and is hereby given to the Board of Directors of the Company ("**Board**") to:

- (i) allot and issue up to 795,750,000 Subscription Shares at a subscription price of RM0.10 per Subscription Share to the subscribers ("**Subscribers**") as set out in Section 2.1.2 of Part A of the circular to shareholders of the Company dated 7 June 2024 in relation to the Proposed Shares Issuance ("**Circular**") based on the terms and conditions of the subscription agreements dated 7 November 2023 entered into between the Company and the Subscribers and any supplementals thereto (if any); and
- (ii) utilise the proceeds to be derived from the Proposed Shares Issuance for the purposes as set out in Section 3 of Part A of the Circular and to vary the manner and/or purposes of such proceeds as the Board may deem fit, necessary and/or expedient in the best interest of the Company, subject to the approval of the relevant authorities (where required);

THAT such Subscription Shares shall, upon allotment and issuance, carry the same rights and rank equally in all respects with the existing EATECH Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the Subscription Shares;

THAT pursuant to subsection 85(1) of the Companies Act 2016 ("**Act**") read together with Article 8.6 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new EATECH Shares ranking equally to the existing issued EATECH Shares arising from the allotment and issuance of the Subscription Shares pursuant to the Proposed Shares Issuance;

AND THAT the Board, be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Shares Issuance including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or appropriate by the Board in order to carry out, finalise and give full effect to the Proposed Shares Issuance.”

ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(b) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS (“RULES”) FOR DATUK WIRA MUBARAK BIN AKHTAR HUSIN (“DATUK WIRA MUBARAK”), VOULTIER SDN BHD (“VSB”) AND PERSON ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING EATECH SHARES NOT ALREADY OWNED BY DATUK WIRA MUBARAK, VSB AND PERSON ACTING IN CONCERT WITH THEM PURSUANT TO THE PROPOSED SHARES ISSUANCE (“PROPOSED EXEMPTION”)

“**THAT**, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 3, and subject to the approval from the Securities Commission Malaysia (“**SC**”) being obtained and/or any other relevant authorities or parties (where required) including the satisfaction of any conditions as may be imposed by the SC, approval be and is hereby given for Datuk Wira Mubarak, VSB and person acting in concert with them to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining EATECH Shares not already owned by Datuk Wira Mubarak, VSB and person acting in concert with them upon the completion of the Proposed Shares Issuance in accordance with subparagraph 4.08(1)(b) of the Rules;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds, things and matters for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Exemption.”

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARES SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED EATECH SHARES (EXCLUDING ANY TREASURY SHARES) AT ANY POINT IN TIME DURING THE TENURE OF THE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF EATECH AND ITS SUBSIDIARIES (“EATECH GROUP”) (EXCLUDING DORMANT SUBSIDIARIES, IF ANY) (“PROPOSED ESS”)

“**THAT** subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2 and the approvals of all the relevant authorities and/or parties being obtained (where applicable) and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the Board to:

- (i) establish, implement and administer the Proposed ESS for the benefit of the eligible directors (including non-executive directors) and employees of the EATECH Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation in the Proposed ESS and to implement and administer the same in accordance with the by-laws governing the terms, rules and conditions of the Proposed ESS (“**By-Laws**”) a draft of which is set out in Appendix VI of the Circular;

- (ii) allot and issue and/or procure the transfer of such number of new and/or existing EATECH Shares (as adjusted or modified from time to time pursuant to the By-Laws) from time to time as may be required for the purpose of or in connection with the Proposed ESS, provided that the total number of EATECH Shares be allotted and issued and/or transferred pursuant to the granting of EATECH Shares (“**Shares Grant**”) and/or options to subscribe for EATECH Shares (“**ESS Options**”) (collectively “**Awards**”) to eligible Director(s) (including non-executive Directors) and eligible employees of the EATECH Group in relation to the Proposed ESS shall not exceed 10% in aggregate of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESS and such new EATECH Shares shall upon allotment and issuance, carry the same rights as the existing EATECH Shares, save and except that the new EATECH Shares would not be entitled to dividends, rights, allotments and/or other forms of distributions which may be declared, made or paid to shareholders of EATECH, the entitlement date of which is prior to the date of allotment or transfer of the EATECH Shares pursuant to the Awards;
- (iii) appoint and authorise a committee (“**ESS Committee**”) by which the Proposed ESS will be implemented and administered by the ESS Committee in accordance with the By-Laws. The members of the ESS Committee shall comprise such number of directors and/or senior management personnel of the EATECH Group to be identified from time to time;
- (iv) make the necessary application to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for permission to deal in and for the listing and quotation of the new EATECH Shares (as adjusted or modified from time to time pursuant to the By-Laws) that may hereafter from time to time be allotted and issued pursuant to the Proposed ESS; and
- (v) do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules and regulations, or to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESS and the terms of the By-Laws;

THAT pursuant to subsection 85(1) of the Act read together with Article 8.6 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new EATECH Shares ranking equally to the existing EATECH Shares arising from the allotment and issuance of new EATECH Shares pursuant to the Proposed ESS;

AND THAT the By-Laws which is in compliance with the Main Market Listing Requirements of Bursa Securities, be and is hereby approved and adopted and the Board be and are hereby authorised to give effect to the Proposed ESS with full power to modify and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to amendments and/or modifications and to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed ESS.”

ORDINARY RESOLUTION 4

PROPOSED ISSUANCE OF 33,152,250 SUBSCRIPTION SHARES TO ENCIK NASRUL ASNI MUHAMMAD DAIN (‘ENCIK NASRUL’) PURSUANT TO THE PROPOSED SHARES ISSUANCE (‘PROPOSED SUBSCRIPTION BY ENCIK NASRUL’)

“**THAT** subject to the passing of Ordinary Resolution 1, the approvals of all the relevant authorities and the conditions precedent in the subscription agreement dated 7 November 2023 and supplemental agreement dated 1 December 2023 entered into between Encik Nasrul and our Company, being fulfilled or waived (as the case may be), approval be and is hereby given to the Board to allot and issue 33,152,250 Subscription Shares at a subscription price of RM0.10 per Subscription Share to Encik Nasrul, being the Chief Executive Officer of the Company, pursuant to the Proposed Shares Issuance.”

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF UP TO 13,262,500 ESS OPTIONS TO ENCIK NASRUL PURSUANT TO THE PROPOSED ESS (“PROPOSED ALLOCATION TO ENCIK NASRUL”)

“**THAT** subject to the passing of Ordinary Resolution 3 above and the approvals of all the relevant authorities for the Proposed ESS, approval be and is hereby given to the ESS Committee appointed by the Board to administer the Proposed ESS, at any time and from time to time to offer and grant up to 13,262,500 ESS Options to Encik Nasrul, being the Chief Executive Officer of the Company, pursuant to the Proposed ESS, subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws.”

By Order of the Board,
E.A. TECHNIQUE (M) BERHAD

NURALIZA A. RAHMAN SSM PC No. 202008003364 (MAICSA 7067934)
SABARUDIN HARUN SSM PC No. 202008000981 (MIA 30423)
Company Secretaries

Johor Bahru, Johor
7 June 2024

Explanatory Note:-

Ordinary Resolution 1

Pursuant to subsection 85(1) of the Act read together with Article 8.6 of the Company's Constitution, the shareholders of EATECH have a statutory pre-emptive right to be offered any new Shares which rank equally to existing Shares issued by the Company. By you voting in favour of the proposed Ordinary Resolution 1 and Ordinary Resolution 3, you as shareholders of the Company will be waiving your statutory pre-emptive right and the proposed Ordinary Resolution 1 and Ordinary Resolution 3 if passed, will exclude your statutory pre-emptive right as shareholders of the Company to be offered any new Shares to be issued by the Company pursuant to the Proposed Shares Issuance and Proposed ESS.

Notes:

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- 2. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
- 3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.*
- 4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.*
- 5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*

6. Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.
7. For the purpose of determining who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as of 14 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this EGM or appoint proxy(ies) to attend, speak, and vote on his/her behalf.
8. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
9. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A (1) of the Central Depositories Act.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meetings at which the person named in the appointment proposes to vote:
 - (i) In hard copy form: In the case of an appointment made in hard copy form, the proxy form must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic form: The proxy form can be electronically lodged with the Company's share registrar via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.
12. Last date and time for lodging the proxy form is Saturday, 22 June 2024 at 1:00 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.



"the shipping people"

E.A. TECHNIQUE (M) BERHAD

Registration No. 199301001779 (256516-W)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

FORM OF PROXY

I/We, _____
(Full Name as per NRIC/Certificate of Incorporation in block letters)

Company No. / NRIC No. _____

of _____ Tel No. _____

being a member of **E.A. TECHNIQUE (M) BERHAD** (Registration No. 199301001779 (256516-W)) hereby appoint the following person(s):

Full Name (in Block Letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

Full Name (in Block Letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

*And/or failing him/her (delete as appropriate)

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Key 2, Level 7, St. Giles Southkey Johor Bahru Hotel, Mid Valley Southkey, 1, Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia, on Monday, 24 June 2024 at 1:00 p.m., or immediately after the conclusion of the Company's 30th Annual General Meeting scheduled to be held at the same venue and on the same day at 12:00 p.m., whichever is later, or at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:

Resolutions relating to:	For	Against
Ordinary Resolution 1 – Proposed Shares Issuance		
Ordinary Resolution 2 – Proposed Exemption		
Ordinary Resolution 3 – Proposed ESS		
Ordinary Resolution 4 – Proposed Subscription by Encik Nasrul		
Ordinary Resolution 5 – Proposed Allocation to Encik Nasrul		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote or abstain from voting at his/her/their discretion.

Date: _____

Signature/Common Seal of Shareholder



Notes:

1. *A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
2. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.*
5. *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*
6. *Pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolutions set out above will be put to vote by way of poll.*
7. *For the purpose of determining who shall be entitled to attend this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as of 14 June 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this EGM or appoint proxy(ies) to attend, speak, and vote on his/her behalf.*
8. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
9. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A (1) of the Central Depositories Act.*
10. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meetings at which the person named in the appointment proposes to vote:*
 - (i) *In hard copy form. In the case of an appointment made in hard copy form, the proxy form must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*
 - (ii) *By electronic form. The proxy form can be electronically lodged with the Company's share registrar via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.*
12. *Last date and time for lodging the proxy form is Saturday, 22 June 2024 at 1:00 p.m.*
13. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

Fold this flap for sealing

Then fold here

Affix
Stamp

E.A. TECHNIQUE (M) BERHAD
(Registration No.: 199301001779 (256516-W))
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

