



EMBARGO
NOT FOR PUBLICATION OR
BROADCAST UNTIL 5.30PM,
October 29th, 2021

MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

NEWS RELEASE (FINAL)

MARINE & GENERAL BHD SUCCESSFULLY CONCLUDES ITS 24th ANNUAL GENERAL MEETING

KUALA LUMPUR, 29 October 2021 – Marine & General Berhad (“M&G” or “the Company”) successfully concluded its 24th Annual General Meetings (“AGM”) today, where all nine (9) ordinary resolutions presented for consideration were approved by the Company’s shareholders.

M&G Group’s performance

Shareholders were briefed on the financial performance of the M&G Group at the AGM. It was explained that the M&G Group posted consolidated revenue of RM 188.5 million for the financial year ended 30 April 2021. It was further clarified that the results represented a reduction in performance of 11.7% compared to the result for the financial year ended 30 April 2020. The shareholders were also informed that the decrease was in line with lower charter activities and charter rates for both the Upstream Division and the Downstream Division, due to the adverse impact of the Covid-19 pandemic which continue to suppress demand for oil and its derivative products.

It was further explained that due to declining demand for fuel and related products, several charterers had terminated their long-term tanker time charter contracts in favour of voyage charters, which more than doubled, increasing from 580 days in FY 2020 to 1,127 days in FY 2021. Consequently, the Group recorded a sizeable increase in fuel costs, port and agency charges in the current year as these expenses are borne by the vessel owner in voyage charter arrangements instead of the charterer as in time charter contracts.



MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

Following the briefing on financial performance, shareholders were briefed on the operating conditions faced by both the Upstream and Downstream Divisions of the M&G Group.

The shareholders were informed that during the financial year under review, vessel utilisation at the Upstream Division reduced to approximately 58%, a decrease from the 70% utilisation level recorded in the previous year. Daily Charter Rates (“DCR”) also remained low at 43% below 2014 levels.

The shareholders were further briefed that despite the current challenges, the Upstream Division was able to maintain a high standard of operational excellence and safety performance. Up to the end of the period under review, the Upstream Division accumulated approximately 12.5 million man-hours without any Loss Time Injury (“LTI”). This is a commendable achievement given that the last LTI incident was in April 2013. During the year, JMM received the “PTTEP CEO contractors Award 2020” for excellent safety performance.

The shareholders were subsequently briefed on the operations of the Downstream Division. It was explained that Downstream Division was directly and adversely affected by the Covid-19 pandemic. The reduction in economic activities reduced demand for petroleum products such as jet-fuel, petrol and diesel. Subsequently, transportation of clean petroleum products (“CPP”) and chemicals in the region and within Malaysia dropped and this significantly affected demand for chemical and CPP tankers.

As the impact of the Covid-19 pandemic intensified throughout 2020, the demand for CPP and chemical tankers slumped and this resulted in the discontinuation of several long running time-charter contracts with major oil companies and traders. With more tankers being deployed on voyage-charter basis, overall vessel utilization rate dropped to approximately 62% during the period under review from 75% in the



MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

previous corresponding period. The slumping demand for tanker services further dragged down the tanker time charter rates by 10% to 15%.

The Company concluded the briefing on M&G Group performance by explaining that as the spread of the Covid-19 pandemic is better controlled as a result of ongoing vaccinations, the general economy and the transportation sector will recover. Meanwhile the Division will continue to focus on operational excellence to meet the high standards of oil companies and strengthen its market reputation as one of the major local tanker companies in Malaysia.

Practice Note 17 / Material Uncertainty

In addition to the Company's results and operations for the financial year ended 30 April 2021, the Company also briefed the shareholders on its announcement that it triggered the prescribed criteria of Practice Note 17 (PN-17) after the shareholders' equity of M&G on a consolidated basis dropped to below 25% of its share capital and below RM40 million on an absolute basis. This is based on the unaudited interim financial results of M&G for the quarter ended 31 July 2021. In addition, the auditors had also highlighted a material uncertainty related to its going concern ("MUCG") in the Group's latest audited financial statements for the financial year ended 30 April 2021.

The shareholders were assured by the Company that despite triggering the PN-17 criteria, M&G will not be classified as a PN-17 company. This is in line with relief measures implemented by Bursa Malaysia, under which affected companies will be accorded relief from complying with the PN-17 obligations for a period of 18 months.

Substantively, M&G and its subsidiaries have already started the process of addressing the net current liabilities by negotiating for a financing repayment moratorium with its lenders, the success of which would reduce M&G's current liabilities and assist M&G to meet its other obligations and plans for the next financial



MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

year. The shareholders were further assured that M&G will continue to focus on cost optimisation and stringent cash flow management while at the same time maintain safety and quality services to remain competitive.

Prospects going forward

With regard to the prospects of the M&G Group going forward, it was explained that the prospects for the Upstream Division are dependent on an increase in exploration and drilling activities. Oil prices have recovered since its massive drop in 2014. Exploration and drilling activities have resumed in the second half of 2021 and are expected to recover to pre-Covid-19 pandemic levels in 2022. Market analysts expect oil prices to average around USD65 to USD70 per barrel in 2021-2022. It is encouraging to note that the Downstream Division has secured several new time charter contracts and expects to resume its 2018-2019 recovery in the current financial period.

With regards to the prospects for the Downstream Division, that demand for Chemical and CPP tankers will be dependant on continued demand for petroleum products. The economic impact arising out of the COVID-19 pandemic and the economic and financial countermeasures taken by affected countries will have a significant effect on overall demand going forward. In the ASEAN market, in which the Division's medium-size tankers operate in, the lower market demand may lead to petroleum products being traded in smaller cargo parcels. This is well suited for the Group's medium-sized vessels and may result in a more stable demand for the Division's tankers.

Concluding remarks

Speaking at the end of the AGM, the Company's Executive Chairman, Dato' Mohd Azlan Hashim said, "The Company got a good opportunity to explain its performance for the financial period ended 30 April 2021. The Company is encouraged by the positive response from shareholders to the briefing provided. I sincerely hope that the



MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

Company's shareholders will continue to support the Board in its objective to nurture its recovery and take the Company forward."



MARINE & GENERAL BERHAD – [REG NO 199601033545 (405897-V)]

Marine & General Berhad ("M&G" or "the Company") was originally incorporated as SILK Concessionaire Holdings Sdn Bhd on 14 October 1996, and subsequently changed its name to Sunway Infrastructure Berhad on 14 February 2002. It assumed the name of SILK Holdings Berhad on 31 October 2008. It assumed its current name on 23 June 2017 after the successful completion of the disposal of the Company's highway assets.

The Company, at present, has two major operating divisions, namely the Marine Logistics – Upstream Division ("Upstream") spearheaded by Jasa Merin (Malaysia) Sdn Bhd ("JMM") and the Marine Logistics – Downstream Division ("Downstream"), spearheaded by two (2) ship owning companies ("SOCs"), namely Jasa Merin (Labuan) PLC ("JML") and M&G Tankers Sdn Bhd ("MGTSB").

JMM charters out offshore support vessels ("OSV") for use by the oil majors in their exploration and production activities. On the other hand, the SOCs under the Downstream Division charter out liquid bulk carriers ("LBC") to the petro-chemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products.

Forward looking statements

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Marine & General Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Issued on behalf of: **Marine & General Berhad** By: **acorn communications sdn bhd**
For further information, please call: **Natalia Ghani** at 012 231 4782 or **Aaren Azhar** at 03 7958 8348
Or email: acorncommunications@acornco.com.my