Malaysia's Maritime Industries Report (October 2023)

Major Maritime / Shipping News

❖ **Singapore's First Electric Cargo Vessel Set to Launch in 4Q**

- Singapore's first electric cargo vessel is due to start sea trials and launch in the fourth quarter, according to Yinson Green Technologies (YGT). The Hydromover, developed by the Goal Zero consortium, is near completion
- YGT will also be introducing an electric vessel for transferring crew - developed with Norwegian start-up Lift Ocean AS by year end. That craft is called the Hydroglyder.
- The Goal Zero consortium is led by Singapore-based SeaTech Solutions International, designer of the Hydromover, which has capacity to carry 25 tons of cargo and has a battery that can be swapped in minutes when depleted. YGT will operate the harbour vessel, using it for commercial operations under its recently launched MarinEV unit.
- MarinEV will offer vessel leasing, servicing, maintenance and products to help the maritime industry's transition to net zero.
- Through its charging business ChargEV, YGT also owns 379 EV charging stations in Malaysia, making it the largest operator in the country. It has started operations in Singapore and aims to have 10 stations by year end.

❖ New Patrol Boats to Reinforce Defence Over Sarawak Waters

- Three new high-speed patrol boats have been handed over to Department of Marine Fisheries Sarawak to support its operations in protecting the state's waters from being encroached by foreign fishing vessels.
- Boat Specification:
  - powered by two four-stroke engines with 350 horsepower.
  - equipped with electronic navigation equipment such as GPS, radar, echo-sounder and communication devices, as well as air-conditioning units and toilets for the comfort of the personnel.
  - 13m in length 3.45m in width.
  - Maximum speed of 35 knots.
  - Patrolling time up to 8 hours covering a distance of 240 nautical miles.
- The additional high-powered patrol boats needed to be procured to enhance the security of the state's waters and two new high-speed patrol boats, should be delivered by 2025.
- At the moment, the incidence of foreign fishing vessels encroaching into the state's waters is still under control, but the agency is planning to set up a jetty in Bintulu to beef up enforcement activities.

(a) Economy

❖ Budget 2024 related to Maritime Industry in Malaysia

- The Government will increase maritime assets, including the acquisition of 45 units of various types of Army boats and 9 new generation patrol ships and Malaysian Maritime Enforcement Agency (APMM) interceptor boats.
- To strengthen the ecosystem and efficiency of the country's ports:
  - RM50 million is provided maintain Jalan Port Klang while enforcing the overload limit on heavy vehicles.
  - RM20 million is provided to upgrade the Malaysia Maritime Single Window (MMSW) system to unite trading communities at the port through an integrated digital port with various other Government Agencies.
  - The proposed development of a Port in Carey Island will be realised through Request for Proposal (RFP) in further strengthening the role of Port Klang.
- The Government will initiate the procurement process for new assets including the refurbishment of 2 submarine assets, in addition to continuing the acquisition of three Royal Malaysian Navy Littoral Mission Ships (LMS).
- The Government will ensure the Petroleum (Income Tax) Act 1967 remains relevant with the current upstream oil and gas industry needs, while increasing the interest of foreign investors. The Petroleum (Income Tax) Act 1967 Review Committee comprising is reviewing and drafting tax incentives for CCUS and Hydrogen Sulphide projects. This study will be finalised by the end of the year.

❖ Alam Maritim seeks deadline extension to submit regularisation plan

- Alam Maritim Resources Bhd said it has submitted an application to Bursa Malaysia Securities Bhd for an extension of time to submit a regularisation plan to address its Practice Note 17 (PN17) status.
- Alam Maritim fell into PN17 status on Oct 31, 2022, after its external auditors expressed a disclaimer of opinion in its financial statement for the six-month period ended June 30, 2022.
- The initial deadline for Alam Maritim to submit its regularisation plan is by end of Oct 2023.
- As at end-June 2023, Alam Maritim had negative total equity of RM58.14 million, down from RM72.79 million twelve months prior at end-June 2022.
- It had short- and long-term borrowings of RM109.67 million and RM2.7 million respectively, against cash and bank balances of RM51.23 million, its latest financial statement showed.
- In the 12 months ended June 30, 2023 (FY2023), Alam Maritim booked a net profit of RM16.53 million, on a revenue of RM299.13 million, mainly due to higher share of profits from a joint venture and reversal of impairment loss in trade and other receivables.
- As at Sept 30, 2022, Alam Maritim's largest shareholder is its group managing director and group CEO with 0.16% direct and 21.58% indirect stake in the company.
- Shares of Alam Maritim settled unchanged at three sen apiece, giving it a market capitalisation of RM45.95 million.

❖ PetGas sees higher utilisation rate for Melaka regasification terminal

- Petronas Gas Bhd (PGB) has projected a higher utilisation rate for its offshore liquefied natural gas (LNG) from the regasification terminal in Sungai Udang (RGTSU), Melaka, from 2026 onward on higher demand by utility providers as they switch to gas from coal for power generation.
- Demand is expected to pick up in the central and northern regions based on the power sector demand projection.
- It is expected the utilisation rate to increase to between 65 and 70% (from 2026).

(b) Investment / Partnership

❖ MISC Partners with Pengerang LNG (Two) Sdn. Bhd. for LNG Floating Storage Unit Project

- MISC Bhd has entered into a heads of agreement with Pengerang LNG (Two) Sdn Bhd, a subsidiary of Petronas Gas Bhd, for the supply, operation and maintenance of a liquefied natural gas (LNG) floating storage unit (FSU) for deployment at the PETRONAS LNG Regasification Terminal Pengerang (RGTP) in Johor.
- The company said it would convert one of its Puteri Satu Class LNG carriers, namely Puteri Delima Satu, which completed its long-term charter in early 2023 and currently lay-up, into the FSU.
- This project is a continuation of the collaboration between MISC and PETRONAS Gas in 2012 that brought about the successful deployment of FSU Tenaga Satu and FSU Tenaga Empat at the LNG Regasification Terminal Sungai Udang, Melaka.

❖ Samling said to be looking to buy Brooke Dockyard

- Samling Group is looking to take over Sarawak state-owned Brooke Dockyard and Engineering Works Corp, according to sources familiar with the matter.
- Brooke Dockyard is involved in the oil and gas (O&G) sector and its core businesses include shipbuilding, ship repair, bridge infrastructure and onshore manufacturing. It is also one of the nine fabricators licensed by Petroliam Nasional Bhd (Petronas) in the country.
- Market observers believe that Samling will benefit from taking over the state-owned O&G engineering company, given the major energy-related contracts in the state. This includes a carbon capture and storage facility and the Lang Lebah gas field off the coast of Miri that is expected to come on stream in 2027.

❖ EA Technique bags RM6 mil job from Northport

- Oil tanker and port marine services provider EA Technique (M) Bhd (EATech) has bagged a RM6.35 million contract extension from Northport (Malaysia) Bhd to operate and charter two Z-Peller harbour tug boats.
- The contract duration will be for a primary period of one year, commencing in January 2024.
- The existing vessels will be used to serve the contract.
- The contract is expected to contribute positively to the company's earnings and net tangible assets for the financial year ending Dec 31, 2024. Notwithstanding this, the contract is not expected to have any material effects on the issued and paid-up capital and shareholding structure of the company.

❖ Mindef to procure two Maritime Patrol Aircraft for submarine detection in South China Sea

- The Ministry of Defence (Mindef) is currently in the process of procuring two Maritime Patrol Aircraft from Italy, which are equipped with the capability to detect submarines in the South China Sea, with a specific focus on the Sabah region.
- Defence Minister Datuk Seri Mohamad Hasan explained that this procurement is necessary due to the limitations of the current long-range radar (LRR) used by the Malaysian Armed Forces at the Labuan Naval Air Base, where the system cannot effectively detect submarines as its primary function is to monitor airspace.
- Mohamad also revealed that the ministry had already received approval from the National Security Council.
- Mohamad Hasan added that the total allocation for these radar acquisitions amounts to RM57 million, and this funding will be obtained under the 13th Malaysia Plan.

(c) Project Development

❖ Eleven vessels under Petronas' Safina Project to be completed by 1Q2024

- Petroliam Nasional Bhd (Petronas), through its petroleum arrangement contractors, has commissioned the construction of 11 offshore support vessels (OSVs) under the first phase of its Safina Project.
- The completion of these vessels will unfold in stages, commencing this year and culminating in the first quarter of 2024 (1Q2024). It was said in a statement in conjunction with the launch of two Safina Phase 1 vessels at the Sarawak Slipway in Miri on Saturday 28th October.
- Safina Phase 1 is Petronas' new-build programme, which aims to build up to 100 vessels over the next four to five years to phase out the old vessels which are reaching the age limit of 15 years.
- The Phase 1 project involves the construction of 16 OSVs, whereby all 10 shipyards selected by Petronas.

❖ MMS is in search of an LNG tugboat to fulfill the needs of the Sungai Udang Port.

- MISC Maritime Services Sdn. Bhd. (MMS) is currently in search of shipyards capable of constructing of 2 units 40-ton LNG tugboat.
- The construction is scheduled to be completed within 18 months after the awarding, which is expected to take place in the first quarter of 2024.
- Currently, there are three interested participants who have registered and responded to the Request for Information (RFI) from Turkey, Singapore, and Korea.
- The exact specifications of the tugboat have not been fully defined yet and will be determined based on proposals from the bidders.
- The Request for Proposal (RFP) are planned to be issued in November 2023, and the acquisition process will continue until the awarding, which is set for April 2024.

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