Malaysia's Maritime Industries Report (June 2024)

<table>
<tr><th>No.</th><th>Category</th><th>Outline</th></tr>
<tr><td>1.</td><td>Projects info</td><td>
<u>Current project</u>

a) Marine Police Force 24m Catamaran PTV project (Total 6 nos)
▪ Sabah (1nos): Awarded to LSE. (LSE opted for local ship-designer)
▪ Sarawak (1nos): Currently under final commercial negotiation; pending contract award. Highly potential LSE will get awarded.
▪ Peninsular (4nos): Tender closed. Several potential shipyards (MSET, Muhibbah, Gading etc) submitted the proposals. Based on market rumors, peninsular based yards highly preferred by the client. Thus, LSE might not pursue this remaining 4 vessels.

b) MMEA 63m SAR vessel project
▪ Currently, MMEA still considering for new-build or retrofit options due to limited budget by the government.

<u>Future project</u>

a) Petronas OSV Safina Phase 2 project:
▪ The project entails the building of up to <u>100 vessels over the next 4-5 years</u> to phase out old OSVs that are reaching the end of their productive and efficient age of 15 years.
▪ To recap, the <u>Phase 1 project involves the construction of 16 OSVs, which target to be completed within Q2 2024</u>.
▪ Project Safina <u>Phase 2, which targets to build more OSVs to replace ageing vessels expected to be started by 2nd half of this year</u>.
▪ Based on Petronas' Activity Outlook for 2024-2026, it's anticipated increased upstream activities by Petronas will lead <u>to a rise in drilling and offshore support vessel (OSV) operations</u> in 2024.
▪ <u>Anchor handling tug & supply (AHTS)</u> vessels are expected to drive the majority of this demand increase, followed by <u>platform supply vessels (PSV).</u>
▪ This <u>positive outlook for OSV owners is further reinforced by the expected tight supply</u> of vessels <u>due to limited investments in new vessels in recent years.</u>

b) Green ships:
▪ Green ships are a <u>growing trend in the industry as businesses and the Government look for ways to reduce the environmental impact</u> coupled with increasing emphasis on sustainability, energy efficiency and advanced technologies
▪ Green ships are <u>designed, built and operated in a way that minimizes the environmental impact</u> through <u>transition fuel ships or alternative fuel powered by hydrogen, ammonia, methanol and electric propulsion system.</u>
▪ <u>For records, Malaysian shipyards companies have built and sold approximately 300 OSVs</u> worldwide since 2005.
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<tr><td></td><td></td><td>c) Harbour tug boat: Continuous demand for Eco-friendly harbour tug from port operators. LNG-fueled tug boat highly preferable by major clients.
d) Modern fishing boat: The fishing industry in Malaysia is expected to flourish from the development of new fishing technologies especially for deep sea application.
e) High speed boat: Due to South China sea conflict, we foresee there will be continuous demand for high-speed boat from enforcement agencies (RMN, MMEA, Police Marine).</td></tr>
<tr><td>2.</td><td>Maritime market info</td><td>▪ Shipbuilding and Ship Repair (SBSR) Industry is one of the categories included under New Industrial Master Plan 2030 (NIMP 2030).
▪ The industry's development is guided by the Malaysian Shipbuilding/ Ship Repair Industry Strategic Plan 2020 (SBSR 2020).
▪ During the IMP3 period (2006 to 2020), the industry was focused on enhancing domestic capabilities in building smaller vessels and maintenance, repair and overhaul (MRO) activities.
▪ The SBSR industry remained resilient – mostly driven by DDI, despite unstable oil and gas prices as well as weaker global trade due to the COVID-19 pandemic that affected the demands for SBSR.

▪ Substantial SBSR investments approved during the IMP3 period include expansion of docking capacity, development of a new maritime hub, and design & development of offshore support vessels (OSV).
▪ In 2021 and 2022, the exports from SBSR industry were decreased attributed by the decline in exports of light vessels, dredgers and floating dock.

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<tr><th>Top export products</th><th>Major imported products</th></tr>
<tr><td>▪ tugs and pusher craft (RM246.8 million, 34.6%);
▪ yachts/ other vessels for pleasure/ sports (RM206.6 million, 29.0%);
▪ light vessel, dredger and floating dock (RM152.0 million, 21.3%);
▪ cruise ship, cargo ship and barges (RM83.1 million, 11.6%);
▪ floating structure (RM13.9 million, 1.9%).</td><td>▪ light vessel, dredger and floating dock (RM318.0 million, 69.6%);
▪ yachts / other vessels for pleasure / sports (RM52.6 million, 11.5%);
▪ floating structure (RM49.9 million, 10.9%);
▪ vessels including warships and lifeboats (RM21.1 million, 4.6%);
▪ cruise ship, cargo ship and barges (RM12.0 million, 2.6%).</td></tr>
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Market trend & Opportunities

▪ Moving forward, the global SBSR market size is expected to increase to over RM896.0 billion by 2030. 7 Factors contributing to this growth include:
i. increasing focus on sustainable and energy-efficient solutions;
ii. aging ships leading to a higher demand of maintenance and repair;
iii. increasing global trade driving the growth in ship fleet; and
iv. growing OSVs demand driven by the growth of oil and gas (O&G) industry.

▪ This prospective growth has created opportunities for Malaysia to expand and strengthen the local industry to remain competitive globally. These opportunities are contributed by Malaysia's geographical advantage – surrounded by busy shipping traffic, development in green ships and a dynamic offshore O&G industry.</td></tr>
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3.	**Related news article**	**1) SYG expects rising orders for OSVs** ▪ Shin Yang Group (SYG) has received many enquiries from both Malaysian and foreign companies on the construction of new OSVs and recycling of ageing OSVs. ▪ SYG is currently constructing three (3) anchor-handling tug supply (AHTS) vessels with a combined contract value of US$30mil for Singapore clients. ▪ SYG is eyeing a share of new OSV shipbuilding contracts under Petronas Project Safina Phase 2, which targets to build more OSVs to replace ageing vessels. ▪ A new OSV, depending on the type and size, typically will cost RM70mil to RM100mil (construction cost and installed equipment and instruments) and require 18 to 20 months to complete.