



**STRAITS ENERGY
RESOURCES BERHAD**

199601040053 (4124-06-T)

ANNUAL REPORT

2022



- SHIPPING AGENCY
- SHIP MANAGEMENT
- PORT MANAGEMENT
- SHIP-TO-SHIP TRANSFER
- OIL TRADING & BUNKERING
- TELECOMMUNICATION & NETWORKING
- INLAND TRANSPORTATION & LOGISTICS

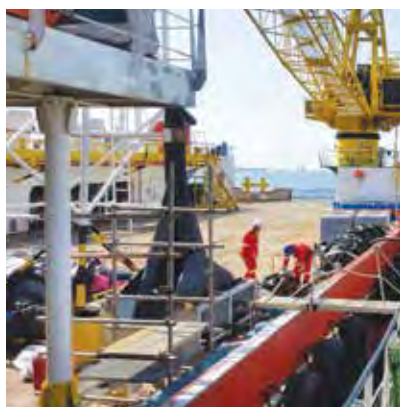


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OUR VISION, MISSION AND CORE VALUES

OUR VISION

To drive, to excel,
and to participate in all
industry-related businesses
with passion, focus and
professionalism.

OUR MISSION

Dedicated to deliver
uncompromising products
and services par excellence
in every endeavour and
task with the utmost
integrity and full
accountability.

OUR CORE VALUES

01

SUSTAINABILITY

Every action undertaken should be environmentally, economically and socially sustainable so as to ensure the continuity and preservation of our Group, our integrated community, business partners and stakeholders.

02

TRANSPARENCY

We strive to upkeep the levels of professionalism and the principles of transparency in all matters pertaining to our professional conduct and business activities.

03

ACCOUNTABILITY

Our Group shall be accountable in every way towards our many endeavours in all aspects of our professional conduct in the marketplace especially towards the setting, executing and achieving of our goals and objectives.

04

RESPONSIVENESS

Upon the trust granted to us by our stakeholders, shareholders, clients, customers and colleagues, we strive to uphold the practice of responding and reacting in a timely and prompt manner in every endeavour we undertake.

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Y.A.M. DATO' SERI TENGKU
BAHARUDDIN IBNI AL-MARHUM
SULTAN MAHMUD AL-MUKTAFI
BILLAH SHAH**

*Non-Independent
Non-Executive Chairman*

DATO' SRI HO KAM CHOY
Group Managing Director

**CAPTAIN TONY TAN HAN
(CHEN HAN)**
Executive Director

DATO' YOONG LEONG YAN
Executive Director

**TAN SRI MOHD BAKRI BIN
MOHD ZININ**
*Non-Independent Non-Executive
Director*

HARISON BINTI YUSOFF
*Non-Independent Non-Executive
Director*

LEONG FOOK HENG
Independent Non-Executive Director

DATIN NG FONG SHIANG
Independent Non-Executive Director

LEONG KOK CHAW
Independent Non-Executive Director

HO HUNG MING
*Alternate Director to Tan Sri Mohd
Bakri Bin Mohd Zinin*

AUDIT COMMITTEE

LEONG FOOK HENG
Chairman

**TAN SRI MOHD BAKRI BIN
MOHD ZININ**
Member

DATIN NG FONG SHIANG
Member

NOMINATION & REMUNERATION COMMITTEE

DATIN NG FONG SHIANG
Chairman

**TAN SRI MOHD BAKRI BIN
MOHD ZININ**
Member

LEONG FOOK HENG
Member

BOARD RISK & COMPLIANCE COMMITTEE

**TAN SRI MOHD BAKRI BIN
MOHD ZININ**
Chairman

LEONG FOOK HENG
Member

DATIN NG FONG SHIANG
Member

COMPANY SECRETARIES

WAN HASLINDA WAN YUSOFF
MAICSA 7055478
SSM PC No : 202008002798

SANGAR NALLAPPAN
MACS 01413
SSM PC No : 202008002985

REGISTERED ADDRESS

No. 149A, 149B, 151B,
Persiaran Raja Muda Musa,
42000 Port Klang, Selangor.
Tel : 603-3167 3830
Fax : 603-3168 3830

CORPORATE OFFICE

B-07-06, Plaza Mont' Kiara,
2, Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur.
Tel : 603-6419 1266
Fax : 603-6419 1267

AUDITORS

Moore Stephens Associates PLT
Unit 3.3A, 3rd Floor, Surian Tower,
No. 1, Jalan PJU 7/3,
Mutiar Damansara,
47810 Petaling Jaya, Selangor.
Tel : 603-7724 1033
Fax : 603-7733 1033

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.
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

- CIMB Bank Berhad
- MBSB Bank Berhad
- HSBC Bank Malaysia Berhad
- United Overseas Bank Limited

WEBSITE & EMAIL

<https://www.straits-energyresources.com>
admin-kl@straits-energyresources.com

STOCK EXCHANGE LISTING

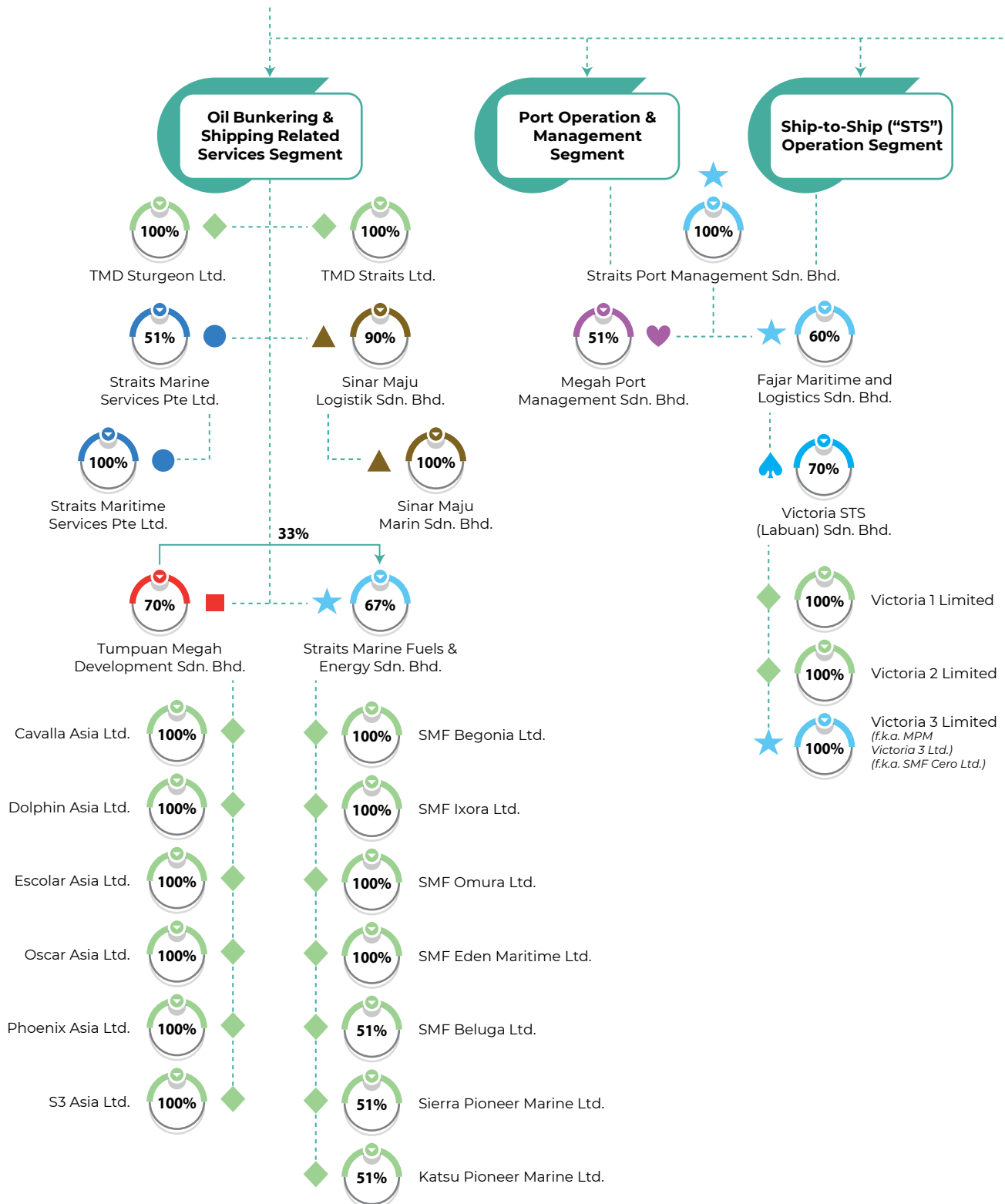
Bursa Malaysia Securities Berhad
(ACE Market)

STOCK NAME

STRAITS

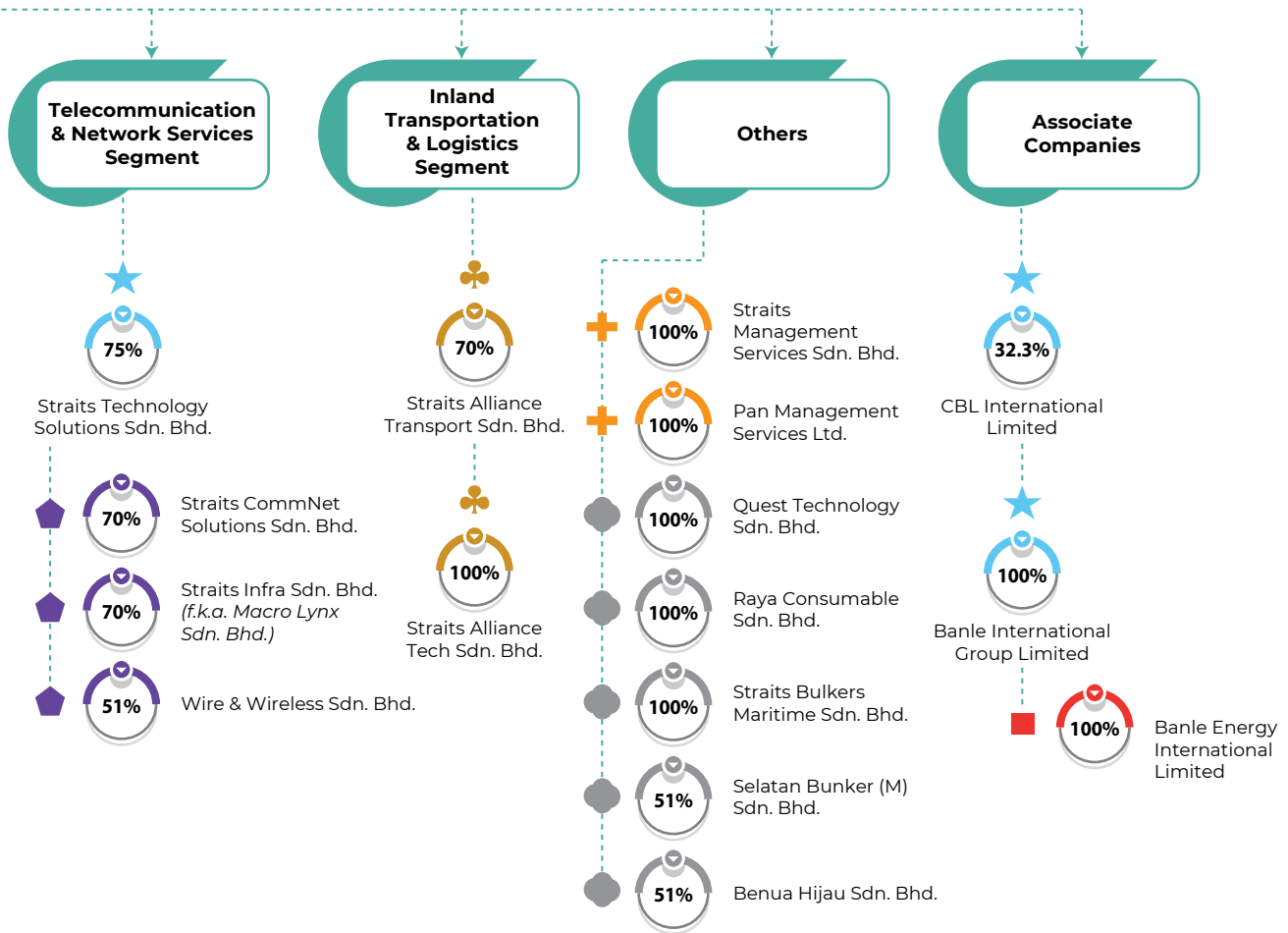
STOCK CODE

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CORPORATE STRUCTURE

as at 18 April 2023
cont'd



Oil Bunkering & Oil Trading

Vessel Chartering

Ship Management

Shipping Agency

Port Management

STS Operation

Telecommunication & Network Services

Inland Transportation and logistics

Management Services

Investment Holding

Dormant/Inactive

MESSAGE FROM THE CHAIRMAN

**Y.A.M DATO' SERI
TENGKU BAHARUDDIN
IBNI AL-MARHUM
SULTAN MAHMUD
AL-MUKTAFI BILLAH
SHAH**

*Non-Independent Non-Executive
Chairman*

**Assalamualaikum w.b.t. and Salam
Sejahtera.**

Dear Shareholders & Stakeholders,

On behalf of the Board of Directors ("**Board**") it is my honour to present you the Annual Report and Audited Financial Statements of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2022 ("**FY2022**").

FY2022 has been a remarkable year as the Group still performed commendably despite the various business challenges and market uncertainties.

Review of Group Financial Results

The Group reported a revenue of RM3.1 billion and profit before tax of RM10.0 million in FY2022 compared to a revenue of RM1.3 billion and profit before tax of RM9.7 million in financial year ended 31 December 2021 ("**FY2021**"). The significant rise in revenue of about 135.8% was attributed to the Oil Bunkering and Shipping Related Services segment.

The Group's balance sheet remained solid as at FY2022, with shareholders' funds increasing by 22.0% to RM159.7 million from RM130.9 million previously. The increase in total borrowings to RM131.8 million from RM83.7 million, was primarily to fund the working capital requirement of the Oil Bunkering and Shipping Related Services segment arising from the sharp rise in revenue.

MESSAGE FROM THE CHAIRMAN

cont'd

Dividend Payment

With due consideration of the Group's performance and capital requirements, the Company paid its final single-tier dividend of 0.2 sen per ordinary share in respect of FY2021 on 18 July 2022 amounting to RM1.8 million. Moving forward, the Group will strive to continue its policy of paying out dividends after due consideration that adequate funds are conserved to meet the Group's financial obligations and to uphold a healthy capital base for future business expansion.

Corporate Developments

On 18 February 2022, the Company had successfully completed the first tranche of the Private Placement by placing out 91,340,000 new ordinary shares of Straits at an issue price of RM 0.151 per each Placement Shares to third party investors.

The acquisition of 90% equity interest in Sinar Maju Logistik Sdn Bhd ("**SML**") was completed on 1 April 2022 and hence, SML became a 90%-owned subsidiary of the Company. The said acquisition has broadened the range of related services within the port operation, logistics and transportation sector and provided an additional income stream to Straits Group.

On 16 December 2022, the Company's 75% owned subsidiary, Straits Technology Solutions Sdn Bhd, had entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 350,000 ordinary shares in Straits Infra Sdn Bhd (formerly known as Macro Lynx Sdn Bhd) ("**Straits Infra**"), representing 70% equity interest in Straits Infra for a cash purchase consideration of RM700,000. The said acquisition was completed on 3 March 2023.

Notwithstanding the Group's ongoing business segments, the acquisition of Straits CommNet Solutions Sdn Bhd, Wire & Wireless Sdn Bhd and Straits Infra serves as an opportune platform to diversify Straits' Group earnings base to include Telecommunication and Network Services Business and thus, providing additional source of income stream to the Group.

Pursuant to the above, the Shareholders had in the Company's Extraordinary General Meeting held on 27 March 2023 approved the proposed diversification of the existing principal activities of the Group to include Telecommunication and Network Services Business.

Changes at the Board

In July 2022, we bade farewell to Ho Fook Meng who resigned from the Board after serving the Company as an Independent Non-Executive Director for more than seven (7) years. He was also the Chairman of the Nomination & Remuneration Committee ("**NRC**") and member of the Audit Committee ("**AC**") and Board Risk & Compliance Committee ("**BRCC**"). On behalf of the Board, I would like to record our appreciation to Ho Fook Meng for his kind contributions and services to the Group's continuous development and wish him the very best in all his future endeavours.

We also welcome three new Directors to the Board, namely;

- (i) Dato' Yoong Leong Yan as Executive Director;
- (ii) Datin Ng Fong Shiang as Independent Non-Executive Director and new Chairman of NRC and member of AC and BRCC; and
- (iii) Leong Kok Chaw as Independent Non-Executive Director.

With the new Directors coming on board, the Board's strength is further enhanced with greater knowledge and experience to continuously elevate Straits' sustainability and value creation in the years to come.

Building a Sustainable Future

At Straits, we place high emphasis on sustainability. We recognise the need for a holistic view of our business operations and goals, one that not only maximises shareholders' value but also considers all externalities that have a bearing on our stakeholders. As such, we are working towards establishing a solid Environmental, Social, and Governance framework, committing to tracking key metrics in these initiatives and subsequently improving these milestones in the following years.

For more information about our sustainability initiatives, kindly refer to our Sustainability Statement on pages 66 to 73 of this Annual Report.

MESSAGE FROM THE CHAIRMAN

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Business Expansion and Diversification Initiative

As we enter the new financial year, the operating landscape is expected to be challenging with rising interest rates, inflationary pressures and supply chain disruptions amplified by the ongoing Ukraine Crisis and the possibility of an impending global recession.

The Group will continue to focus and develop its core business segments. The new business segment i.e. Telecommunication and Network Services business is expected to augur well in the overall structure of the Group's existing business moving forward and at the same time reduces its reliance on the Group's existing business portfolios.

Moving forward, the Telecommunication and Network Services business in Malaysia is expected to benefit from various factors driving demand for aforesaid services through technological advancement in Internet of Things ("IoT") and the enhanced performance of the broadband market in Malaysia.

Straits remains optimistic that the demand for the Telecommunication and Network Services Business will grow following the 4G/5G network rollout nationwide.

Corporate Governance

The Group is committed to maintaining effective corporate governance with high ethical standards in addition to strict adherence to policies and guidelines set by Bursa Malaysia Securities Berhad and other relevant authorities and will consistently uphold the integrity of business practices as part of its value in ensuring consistent growth in its business.

The Group's measures towards this objective are highlighted in the Corporate Governance Overview Statement in this Annual Report.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the Group Managing Director, Management and all employees of Straits Group for their tireless efforts and dedication, admirable talents and boundless contributions in driving the Group to greater heights. We acknowledge the dedications and hard work displayed and would like to commend each and everyone of you for the strong financial performance in FY2022, especially given such a disruptive environment brought about by the pandemic.

Keep up the good work in this coming financial year ending 31 December 2023.

A big thank you to our stakeholders including but not limited to our shareholders, customers, business associates, suppliers, financiers, lawyers, contractors and relevant regulatory authorities for your unwavering support throughout the year. Your kind support and contributions are vital in helping the Group achieve its goal.

We look forward to further enhance our relationships with all of you in this new year.

Last but not least, my deepest gratitude to my fellow Board members for your valuable insights and wise counsel. Your service to the Board had played an important role in the success of Straits in FY2022.

I look forward to sustaining our growth momentum to generate value for our shareholders and stakeholders.

Thank you.

Sincerely,

**Y.A.M DATO' SERI TENGKU BAHARUDDIN
IBNI AL-MARHUM SULTAN MAHMUD
AL-MUKTAFI BILLAH SHAH**

Non-Independent Non-Executive Chairman
18 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

This Management Discussion & Analysis (“**MD & A**”) was duly approved by the Board of Directors (“**Board**”) of Straits Energy Resources Berhad (“**Straits**” or “**the Company**”) on 18 April 2023 and reflects all material events in the financial year ended 31 December 2022 (“**FY2022**”). This document should be read in its entirety and is intended to complement the Company’s Audited Financial Statements for the FY2022.

The objectives of this MD & A are to provide our shareholders with a better appreciation and insight into the business and operations of Straits and its subsidiaries (“**Straits Group**” or “**the Group**”) as well as to enlighten shareholders on our performance for FY2022 and the prospects for the Group.

GROUP BUSINESS OVERVIEW

Straits Group has six (6) business segments, namely Investment Holding, Oil Bunkering and Shipping Related Services, Port Operation and Management, Ship-to-Ship (“**STS**”) Operation, Inland Transportation and Logistics Services and Telecommunication and Network Services undertaken by its subsidiaries. Further details of Straits’ subsidiaries are disclosed in Note 9 to the Audited Financial Statements of this Annual Report.

FY2022 was both challenging and rewarding at the same time. The economic fallout from the COVID-19 Pandemic and the Ukraine Crisis has magnified the slowdown in the global economy, which according to the World Bank’s latest Global Economic Prospects report is entering a protracted period of feeble growth and elevated inflation. The war in Ukraine, the worse-than-anticipated slowdown in China amid COVID-19 outbreaks and lockdowns, supply-chain disruptions, and the sanctions imposed by the United States and European Nations, have all contributed to the world inflation and the risk of stagflation. All these factors are hampering the world economic growth.

Despite the ongoing challenges, FY2022 has proven to be a fruitful year for the Group as it continued to grow both its revenue and profitability commendably. The Group’s revenue was at an all-time high with the main contribution coming from the Oil Bunkering and Shipping

Related Services segment which contributed to approximately 99% of the Group’s revenue. This speaks volume about the strength and resilience of the Group and the continuous extraordinary efforts the Group has put in over the years.

In early 2022, Straits kick-started its entry into the 4G/5G landscape with the appointment of telecommunications specialist Ho Khin Choy to lead the Group’s push into the 5G-driven digital space and Internet of Things (“**IoT**”) transformation of the regional Oil and Gas (“**O&G**”) industry and to explore the vast wireless network communication and infrastructure business opportunities in the 4G/5G rollout in Malaysia and regionally.

Straits intends to drive the digital transformation of the O&G industry by enhancing the usage of automation, surveillance, remote operations and big data analytics through the IoT to achieve better performance and productivity.

There is a huge untapped business opportunities for digitalisation and IoT within the O&G industry. With many processes and functionalities still remaining as traditional or minimally-digitalised, Straits wants to be a disruptor by incorporating 4G/5G enabled technologies such as IoT into the daily processes within the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL REVIEW

The Group achieved another record-breaking year with a revenue of RM3.1 billion, an increase of 135.8% as compared to the previous financial year and this was mainly contributed by the Oil Bunkering and Shipping Related Services segment. All other business segments of the Group also had shown an increase in revenue compared to the previous year.

The significant revenue increase in the Oil Bunkering and Shipping Related Services segment was driven by a higher demand in both the marine gas oil ("MGO") and very low sulphur fuel oil ("VLSFO") from international shipping liners and new market expansion, backed by an overall increase in the global oil prices.

Revenue generated from Inland Transportation and Logistics Services segment also improved compared to financial year ended 31 December 2021 ("FY2021") as the construction industry has picked up on the back of the Malaysian economy recovering from the COVID-19 Pandemic.

Port Operation and Management Services segment also recorded an increase in revenue to RM13.2 million in FY2022 compared to RM12.0 million in FY2021 and this was attributed to higher vessel calls and handling of higher volume of cargo tonnage.

In May 2022, the Group had successfully completed its maiden STS crude oil transfer operation at Victoria Bay, Labuan. This new business segment contributed RM4.2 million to the Group's revenue.

Telecommunication and Network Services segment, being the new business stream of the Group contributed RM1.4 million to the Group's revenue for FY2022.

Financial Highlights

	2022 (RM'000)	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)	2018 (RM'000)
Revenue	3,110,751	1,319,023	675,316	663,188	255,792
Gross Profit	62,648	35,877	31,900	29,105	12,160
Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA")	38,343	30,991	24,257	22,530	6,421
Earnings Before Interest and Tax ("EBIT")	19,370	17,059	12,440	16,251	5,399
Profit Before Tax	10,016	9,677	6,467	12,426	4,283
Net Profit Attributable to Equity Holders	6,158	4,303	2,840	7,085	4,052
Total Assets	563,905	447,439	314,471	294,833	147,971
Total Borrowings	131,788	83,747	81,262	40,033	29,811
Total Equity	159,671	130,861	113,705	110,604	85,367

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL REVIEW (cont'd)

Financial Indicators

	2022	2021	2020	2019	2018
Gross Margin (%)	2.0	2.7	4.7	4.4	4.8
Return on Equity (%)	3.9	3.3	2.5	6.4	4.7
Gearing Ratio (times)	0.4	0.3	0.6	0.3	0.3
Current Ratio (times)	0.8	0.9	0.9	1.0	1.1

The Group's EBITDA for FY2022 was RM38.3 million, an increase of 23.7% from the preceding year mainly due to increase in cargo volume transacted from new customers and opening of new markets.

Profit before tax for the year was at RM10.0 million, a 3.5% increase from the preceding financial year.

The Group's profit after tax attributable to the owners ("**PATNCI**") for FY2022 has increased by RM1.9 million or 43.1% to RM6.2 million from RM4.3 million in the preceding year. The basic earnings per share is 0.69 sen in FY2022 compared to basic earnings per share of 0.57 sen in the preceding year.

The Group continued to generate a positive cash flow of RM12.0 million from its business operations. As at 31 December 2022, the Group's cash and cash equivalents remained strong at RM59.8 million.

The Group's shareholders' fund improved from RM130.9 million as at 31 December 2021 to RM159.7 million as at 31 December 2022, an increase of RM28.8 million or 22.0%.

Total assets of the Group increased from RM447.4 million as at 31 December 2021 to RM563.9 million as at 31 December 2022. The Group's total liabilities of RM386.9 million as at 31 December 2022 were higher by RM84.7 million to 28.0% compared to last year.

As a result of the significant increase in the Group's revenue for FY2022, there is a substantial requirement for additional working capital in the Oil Bunkering and Shipping Related Services segment resulting in our net borrowings increasing from RM83.7 million as at FY2021 to RM131.8 million in FY2022.

On 18 February 2022, the issued and paid-up share capital of the Company was increased by RM13.8 million by way of issuance of 91,340,000 new ordinary shares at RM0.151 each for the purpose of acquisition of 270,000 ordinary shares representing 90% equity interest in Sinar Maju Logistik Sdn Bhd. During the financial year, 70,012,900 Warrants were exercised at an exercise price of RM0.115 per Warrant. The unexercised Warrants has expired on 10 August 2022.

With the issuance of shares via private placement and conversion of Warrants, the Company had increased its issued and paid-up capital from RM124.9 million to RM146.7 million as at 31 December 2022. The additional funds from the private placement and the conversion of Warrants during the year was channelled towards working capital requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS PERFORMANCE REVIEW

Oil Bunkering and Shipping Related Services Segment

Oil Bunkering and Shipping Related Services segment is the main contributor to the Group's revenue, providing approximately 99% of the Group's revenue in FY2022. This was attributed by its aggressive market expansion and the spike in global oil prices.

This business segment includes Oil Trading and Bunkering Services and its ancillary support services as detailed below:-

- Oil Trading and Bunkering Services involves the provision of refueling MGO and marine fuel oil through our vessels to other ships and ocean faring vessels such as container vessels, cargo vessels and oil tankers. In essence, oil bunkering services entail the offering of marine logistics and marine supports services to companies mainly in the fields of marine transportation and O&G industries;
- Vessels Management Services involves the provision of the vessels and marine management services;
- Chartering Services involves vessels chartering services for oil trading and bunkering; and
- Shipping Agency Services involves the provision of shipping agency and related services.

(i) Oil Trading and Bunkering Services

Straits through its 70% owned subsidiary, Tumpuan Megah Development Sdn Bhd ("**TMD**"), own and operate a fleet of fifteen (15) vessels that comply with health, safety and environmental standards, ranging from 500 to 7,820 deadweight tonnage ("**DWT**"). These vessels operate in inner and outer port limits of various seaports in Malaysia.

Products offered by the Group includes:-

- Marine Gas Oil ("**MGO**");
- High Sulphur Fuel Oil ("**HSFO**");
- Very Low Sulphur Fuel Oil ("**VLSFO**");
- Marine Fuel Oil ("**MFO**"); and
- Low Sulphur Heavy Fuel Oil ("**LSHFO**").

Over the years, the Group's has expanded its assets base, strengthen its operational capabilities and broadened its geographical coverage to capture the larger growth opportunities in the oil trading and bunkering sector in both Malaysia and the Asia region.

At present, TMD operates in nineteen (19) ports in Malaysia, which include Lumut Port, Pasir Gudang Port, Tanjung Pelepas Port, Johor Bahru Port, Kuantan Port, Kemaman Port, Kuala Terengganu Port, Bintulu Port, Labuan Port and Sapangar Bay Oil Terminal and all of which are licensed under Petroleum Development Act 1974 ("**PDA Licenses**") for its bunkering services.

The growth in revenue for FY2022 was mainly attributed to the numerous strategies undertaken by the management to gain a bigger market share. As a result of a slowing economy activity, there was margin compression during that period as a result of competitive pricing and increased costs from suppliers. The Oil Trading and Bunkering business is characterised by high sales volumes and low margins.

In the fourth quarter of 2022, the Group expanded its oil trading and fuel bunkering services to seagoing liquified natural gas ("**LNG**") vessels within the Labuan waters whereby TMD would provide bunkering and related services to international and domestic vessels passing through the Labuan waters. Its maiden operation involves supplying 4,000 metric tonnes of LSHFO to an LNG tanker. The bunkering service entails the supplying of LSHFO which is not available in Labuan or neighbouring states. This had boosted Labuan's reputation and image as the new bunkering hub in the region.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS PERFORMANCE REVIEW (cont'd)

Oil Bunkering and Shipping Related Services Segment (cont'd)

(i) Oil Trading and Bunkering Services (cont'd)

The government's support is critical as Malaysia moves to embrace the aspiration to become a bunkering hub regionally and this can be realised through conducive and friendly policies which would help to bring the industry to greater heights.

TMD is aware of the profound changes driven by technological disruption and the emergence of new technologies in the global supply chain. As such, TMD has started its programme towards automation and digitalisation. A shift to digitalisation is a tool for optimised bunker business models, greater transparency, cross industry cooperation and the decarbonisation of the O&G industry.

(ii) Vessels Management Services

The Vessels Management Services division of the Group is operated by Straits' 51%-owned subsidiary, namely Straits Marine Services Pte Ltd ("**SMS**"). SMS provides Vessels Management Services which include technical management, crew management, marine consultancy and shipping agency.

In August 2021, SMS attained "The BizSAFE Awards" and this award recognise companies for their commitment to the BizSAFE programme and achievement in workplace safety and health performance.

SMS provides in-house ship management for the Group and as such, the growth in vessels management services will depend on the expansion of the Group's fleet of vessels..

(iii) Shipping Agency Services

The Group had on 25 October 2021 announced the proposed acquisition of 90% equity interest in Sinar Maju Logistik Sdn Bhd ("**SML**"). The said acquisition was completed on 1 April 2022 and SML is now a 90% owned subsidiary of Straits. SML has a wholly-owned subsidiary company named, Sinar Maju Marin Sdn Bhd ("**SMM**"). SML and SMM ("**SML Group**") are principally involved in the provision of shipping agency and related services.

SML Group's shipping agency and related services involves handling shipments as well as general needs of its customers' vessels at ports in Malaysia, which includes, amongst others, supplying crew consumables (i.e. food, dry supplies and fresh water), ship spare parts and other general supplies to customers' vessels, ferrying passengers, transporting cargo, providing garbage disposal services for vessels, arranging customs documentation as well as liaising/coordinating with relevant authorities (including Royal Malaysian Customs Department, Immigration Department of Malaysia and Marine Department Malaysia) for crew and vessels to enter/stay at ports in Malaysia.

At present, SML Group operates from 10 ports/jetties in Malaysia and holds the following regulatory licenses/approvals/registrations for its operations:-

- Approval from Royal Malaysian Customs Department to act as a shipping agent in Malaysia under Section 90 of the Customs Act 1967;
- Registration with Immigration Department of Malaysia as a shipping agent who manages crews and/or passengers of vessels; and
- Support service licenses from Johor Port Authority for ship chandling.

The said acquisition allows the Group to offer a broader range of related services within the Port Operation and Management, Inland Transportation and Logistics segment to provide additional value to clients and bundle its existing services with the Shipping Agency services.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS PERFORMANCE REVIEW (cont'd)

Port Operation and Management Services Segment

Straits through its 51% indirect subsidiary, Megah Port Management Sdn Bhd ("**MPM**") carries out the Port Operation and Management Services segment for the Group.

The Port Operation and Management Services involves the provision of services, which include, but are not limited to, container operations, breakbulk (warehouse/container freight station/open yard), berthing and mooring, harbor tug services, stevedoring, bunkering, ship chandler to container and conventional vessels such as bulk carrier, general cargo ship, tanker, car carrier, and fishing vessel operators.

MPM is currently offering the following main facilities:-

- 1) Berthing Facilities
The wharf has two outer berths and two inner berths and is 19.5m wide and 244m in length. Dolphins are 30.5m from each end. It can accommodate vessels up to 16,000 DWT.
- 2) Storage Facilities
Two warehouses, a container yard and an open storage area with gross storage capacity of 15,600 sq. meters within the port. Dedicated storage area is provided for chemicals and other O&G cargoes. A 10,000 sq. meters yard and warehouses are also available outside the port.

During the current FY2022, the cargo volume handled by MPM has increased by 33.6% from 162,459 MT to 217,045 MT as there were increases in drilling activities in Labuan O&G industry on the back of increase in crude oil prices. However, the increased cost of shipping containers and market shortage of empty containers resulted in a 9.8% drop in twenty footer equivalent units ("**TEUS**") from 15,651 TEUS in FY2021 to 14,125 TEUS in FY2022.

While economies worldwide gradually returned to a new form of normality, global trade volume is expected to continue to grow, albeit at a more moderate pace. The Group expects higher vessel calls to MPM's port and an increase in cargo throughput in year 2023.

For FY2022, the Port Operation and Management Services segment contributed RM13.2 million to the Group's revenue.

STS Operation Segment

Victoria STS (Labuan) Sdn Bhd ("**Victoria**") is an indirect subsidiary of Straits with specialist expertise in offshore handling of LNG and bulk petroleum cargoes. On 31 July 2021, Straits received its approval from the Marine Department Malaysia to conduct STS operations within the Victoria port limit of Labuan.

In May 2022, Victoria had successfully completed a STS crude oil transfer operation for the first time ever at Victoria Bay, Labuan. The STS operation involving 580,964 barrels of crude oil was successfully completed at one of the six approved berths with safe water depth of up to 30 metres, which is located next to the marine park of Kuraman Island. This was the first time such a huge vessel has called at the Labuan port limit of Victoria Bay with cargo carrying capacity ranking up to two million barrels of crude oil.

The successful completion of the STS transfer is as a result of its strategic collaboration with Fendercare Marine (Asia Pacific) Pte Ltd. ("**Fendercare**")

In October 2022, Victoria had completed the first STS transfer of LNG at the Labuan Port Limit of Labuan. This momentous event is the first LNG STS transfer to take place in Labuan.

From October to December 2022, Victoria had successfully completed two (2) LNG STS. LNG shipping spot rates have skyrocketed more than USD400,000 per day in the wake of the Ukraine Crisis in the third quarter of 2022. This has caused decline in number of LNG STS conducted in Asia as more LNG is being pulled into Europe market to meet the demands for the winter season.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS PERFORMANCE REVIEW (cont'd)

Inland Transportation and Logistics Services Segment

The Inland Transportation and Logistics Services is currently managed by Straits' 70%-owned subsidiary, namely Straits Alliance Transport Sdn Bhd ("**SAT**").

The operating environment in FY2022 remained challenging as we navigate the after-effects of the Covid-19 Pandemic and our trucking business operated under highly disruptive environment during the period. Overall, the nation gradually recovered with the complete withdrawal of movement restrictions and the reopening of economic sectors in stages, giving rise to the surge in demand for goods and services.

In view of the above, the revenue generated from Inland Transportation and Logistics Services segment had improved due to higher number of trips.

With additional trucks in the first quarter of 2023, SAT expects a better business performance moving forward.

Telecommunication and Network Services Segment

Straits Technology Solutions Sdn Bhd ("**STech**"), a 75%-owned subsidiary of Straits, collaborated with Baicells Technologies Co. Ltd. in November 2021 to drive the growing wireless network communication business opportunities of the 4G/5G rollout and the digital transformation of the O&G industry through the IoT in Malaysia and regionally. STech subsequently completed the acquisition of 70%-equity interest in Straits CommNet Solutions Sdn Bhd ("**SCS**"), which is principally involved in designing, developing, researching and handling all types of telecommunication products and provide a broad range of network development services.

On 30 April 2022, STech completed the acquisition of 51% equity interest in Wire & Wireless Sdn Bhd ("**W&W**"). The engineering arm of the Telecommunication and Network Services is focusing on designing, installing, integration and commissioning of telecommunication equipment and infrastructure. Working with strategic vendors, it also supplies innovative and state-of-the-art radio frequency ("**RF**") enhancement products, indoor active & inline booster systems and RF components.

On 16 December 2022, Straits announced that STech had entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 70% equity interest in Straits Infra Sdn Bhd (formerly known as Macro Lynx Sdn Bhd) ("**Straits Infra**"), a company providing broadband internet access services, web enabling services, supply and service of computers and related products. The acquisition of Straits Infra was completed on 3 March 2023.

Straits had on 27 March 2023 sought and obtained shareholders approval in an Extraordinary General Meeting to approve the Proposed Diversification to include Telecommunication and Network Services to the existing principal activities of the Group.

The said Diversification is in line with the Board's strategy to further identify new business segments that would enhance the future earnings of the Group and that moving forward, the Telecommunication and Network Services Business in Malaysia is expected to benefit from various factors driving demand for aforesaid services through technological advancements in IoT and the performance of the broadband market in Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ENSURING HEALTH AND SAFETY

It is one of our key priorities to maintain a safe and healthy working environment for our employees at all levels of the Group's business operations. We have introduced various measures to provide a safe and quality work environment for employees to carry out their daily activities. We strive to continuously improve our Health, Safety and Security performance.

Under the requirement of International Standard Organisation ("ISO"), enforcement is carried out within the Group to ensure continuous adherence to safety measures to prevent injuries at workplace. The Group's occupational health and safety policy provides a clear emphasis on the principles and values that we subscribe to. We also adhere to the strictest standards in marine safety to maintain and achieve target in Incident Injury Free.

We also embed safety practices in the performance of our daily activities. Employees receive a health, safety, security and environment briefing as part of the induction process. Employees travelling to offshore facilities must undergo basic offshore safety induction and emergency training programmes.

The Group's vessels are also in compliance to international marine regulations and codes, including the following:

- (a) International Safety Management;
- (b) International Ship and Port Facility Security; and
- (c) Safety Management System.

We continue to place emphasis on maintaining a safe working environment by establishing and adopting International Safety Management Code and Ship Management System to ensure safety of every tanker vessel.

RISKS

Volatility of Oil Prices

Bunkering is essentially a marine logistics business, where industry growth is dependent on the volume of marine fuels distributed to end-users, which include amongst others, O&G vessels, marine cargo and bulk transporters, military and navy vessels and all other types of ships and vessels. Thus, growth in global trade and marine transportation, increased activities in the upstream oil and gas industry, and supporting government policies will positively impact the bunkering services industry, benefiting industry players that offer bunkering services.

The Oil Trading and Bunkering Services business exposes the Group to volatility of crude oil prices. Prices of crude oil fluctuate in response to factors like level of demand, exploration costs, production and delivery costs, technological advances in development and production, output levels of crude oil, competition from alternative fossil fuels, adverse global weather conditions and global political conditions.

Management will seek to mitigate fluctuation in crude oil prices by adopting appropriate hedging measures, if deemed appropriate, to ensure exposure to crude oil prices is kept to a minimum.

Foreign Exchange Risk

The Group's bunkering buy and sell transactions are in United States Dollars ("USD") and these itself mitigated and minimized any foreign currency translation risk. Foreign exchange gains or losses are only realised upon the conversion from USD for operational uses, like paying overhead expenses for example, when required.

Nevertheless, there will be unrealised foreign currency gains or losses for reporting in local currency, Ringgit Malaysia ("RM"). Management shall also be closely monitoring on an ongoing basis for the need to hedge its foreign currency risks.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

RISKS (cont'd)

Operational risk

Operational risk is undoubtedly on the rise, and we exercise due diligence and take reasonable measures as outlined in the standard trading terms. We regularly analyse operational risks, whether existing or anticipated and implement effective processes to counter these said risks. Stringent Standard Operating Procedures, regular safety inspections and tight security are uppermost in our operations.

We continue to closely monitor, review and assess the various risks which the Group is exposed, as part of our risk management exercise. Key risk areas, together with the relevant mitigating factors or measures are regularly identified, evaluated and discussed by Management.

OUTLOOK AND PROSPECTS

Malaysia's economy recorded an encouraging performance with the Gross Domestic Product ("GDP") for 2022 recording 8.7%. This growth performance far exceeds the 3.1% economic growth achieved in 2021. The achievement of 8.7% growth for 2022 is supported by a strong economic performance in the fourth quarter of 2022 which, among other things, saw the recovery of private spending and investment, a decrease in unemployment and the strengthening of the RM.

Malaysia's economic growth is likely to be moderate in 2023 with the GDP expected to grow at 4.1%.

POSITIVE OUTLOOK FOR 2023

As we move forward, following the significantly improved revenue in FY2022, we are cautiously optimistic of the overall prospect of the Group's business and financial performance for the financial year ending 31 December 2023.

With all the opportunities that arose from the strong market uncertainty during the preceding years and with the implementation of new business strategies, we are positive on the prospects for the new financial year.

We know that challenges are not behind us yet and the pace of recovery in the coming months remains highly uncertain. However, one thing that we are certain of is our commitment and determination towards our business goals. Our aim is to not only provide the best solutions to our customers, but also to continue to grow all aspects of the performance of our business.

We believe there are still a lot of room for improvement and are committed to deliver a sustainable growth in our business and profit in the coming years.

DIVIDEND PAYMENT

On 22 April 2022, the Board declared the payment of a final single-tier dividend of 0.2 sen per ordinary share for the FY2021 and that the said dividend was paid out of the profit of the Company for the FY2021 which amounted to RM1.8 million. This dividend amount was paid out to shareholders on 18 July 2022.

Straits remains committed to building a sustainable business that will continue to deliver sustainable value to our stakeholders for the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

ACKNOWLEDGMENT

With the support of our various groups of stakeholders, we were able to achieve our strategic goals and missions to perform well in FY2022. Although some uncertainties remain about the development of the endemic phase, we remain confident that we have the right strategy in place for continued success over the longer term.

On behalf of the Group, I would like to extend my sincere gratitude to all our employees, who have dedicated their time and efforts through another tough year.

To our valued customers, suppliers, bankers, business partners and regulatory authorities, we deeply appreciate their unwavering trust, faith and support to Straits Group.

I am also grateful to the Board for the insight and valuable guidance given in assisting the Management team.

To all our valued stakeholders, thank you once again for your confidence in us. Rest be assured that the Board and Management are constantly monitoring our financial health and exercising continuous prudence in the best interest of investors and shareholders.

Thank you.

Stay safe and healthy.

DATO' SRI HO KAM CHOY

Group Managing Director

18 April 2023

BOARD OF DIRECTORS' PROFILE



**Y.A.M DATO'
SERI TENGKU
BAHARUDDIN IBNI
AL-MARHUM SULTAN
MAHMUD
AL-MUKTAFI BILLAH
SHAH**

*Chairman/
Non-Independent
Non-Executive Director*

Malaysian | Age 47 | Male

DATE APPOINTED TO THE BOARD

1 December 2019

LENGTH OF SERVICE (as at 31 March 2023)

3 years 4 months

DATE OF LAST RE-ELECTION

22 June 2020

Y.A.M Dato' Seri Tengku Baharuddin was appointed as the Non-Independent Non-Executive Director on 5 August 2016 and subsequently re-designated as Non-Independent Non-Executive Chairman on 3 March 2017.

However, on 28 June 2019, he resigned as the Director of the Company due to health reason. On 1 December 2019, Y.A.M Dato' Seri Tengku Baharuddin re-joined the Company and was appointed as Non-Independent Non-Executive Chairman.

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

He obtained a Hotel Management Certificate from Singapore Hotel and Tourism Education Centre (SHATEC) in 1994.

In 2008, he was appointed as Director of Haisan Resources Berhad until his resignation in April 2016.

Currently, he is a Director of some of the subsidiaries of the Group and also sits on the Board of other private companies.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



**DATO' SRI
HO KAM CHOY**

*Group Managing
Director*

Malaysian | Age 60 | Male

DATE APPOINTED TO THE BOARD

5 August 2016

LENGTH OF SERVICE (as at 31 March 2023)

6 years 7 months

DATE OF LAST RE-ELECTION

22 June 2020

Dato' Sri Ho Kam Choy was appointed as Non-Independent Non-Executive Director on 5 August 2016 and subsequently re-designated as an Executive Director on 12 January 2017. He was then appointed as the Group Managing Director on 30 August 2017.

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

He obtained his GCE "A" Level from Christ Church Secondary School, Singapore in 1983. Dato' Sri Ho Kam Choy has more than 30 years of experience in commercial management of vessels in the shipping industry.

From 1988 to 1989, Dato' Sri Ho Kam Choy joined Tai Kuang Hang Co. Pte. Ltd, Singapore as a Shipping Executive and was in-charge with ship chartering and operations of vessels.

Subsequently, from 1989 to 1991, Dato' Sri Ho Kam Choy joined a Hong Kong trading and shipping company, Kelway Enterprise Ltd as a Manager and was in charge for the commercial management of the company owned fleet vessels. Since 1991, he is a director of RH Pacific Shipping Agencies Ltd, a company involved in shipping and transportation of bulk/bagged cargo and shipping. He is currently the Director of CBL International Limited, an associate company of Straits listed on the Nasdaq Capital Market.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

Mr. Ho Hung Ming, an Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin is his son.

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



**CAPTAIN TONY TAN
HAN (CHEN HAN)**
Executive Director

Singaporean | Age 47 | Male

DATE APPOINTED TO THE BOARD

24 March 2015

LENGTH OF SERVICE (as at 31 March 2023)

8 years

DATE OF LAST RE-ELECTION

24 June 2021

Captain Tony was appointed to the Board as an Independent Non-Executive Director on 24 March 2015 and subsequently re-designated as Executive Director on 12 January 2017.

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

He obtained his Master of Science (Maritime Studies) from Nanyang Technological University Singapore in 2018 and Diploma in Nautical Studies from Singapore Polytechnics in 1999. In 2009, he obtained a Specialist Diploma in Workplace Safety and Health from Ngee Ann Polytechnics. Captain Tony has a Certificate of Competency ("COC") Class 1 Master Mariner (foreign-going) issued by the Maritime and Port Authority of Singapore.

He started his career as a Marine Superintendent / Senior Marketing Executive with EZRA Marine Services Pte Ltd in 2007 where he was responsible to ensure smooth implementation of the Safety and Environmental Management System on all the fleet vessels.

Subsequently, he joined Hako Offshore Pte Ltd in 2010 as a Senior Safety Manager/ Designated Person Ashore where he was tasked to manage and implement the Safety Management System throughout the organisation and for the fleet vessels, addressing deficiencies pertaining to manning requirement and training, conducting internal audits and participating in the emergency response team and ensuring that adequate resources and shore-based support are applied as required.

He established Skips Marine Services Pte Ltd in Singapore in 2012 and was the Managing Director where he oversees the business and contractual obligation to the company's clients and implementation of safety standards. Captain Tony is well versed in the maritime industry and has over 20 years of professional marine experience in both sea-going and shore-based operations which include container, tanker, oil and gas, offshore fleet and ship management, ship operations and marine safety operations.

He was also involved in audit, incident investigation as well as implementation of International Safety Management ("ISM") appointments. Captain Tony is in charge of the Group's vessel management and maintenance business segment. He is also responsible for formulating strategies to secure oil-related product supplies and building a customer base.

The ship management services division via Straits Marine Services Pte Ltd and Straits Maritime Services Pte Ltd is also currently under the direct supervision of Captain Tony, where he is responsible to oversee and ensure the vessels owned by the Group are well maintained and the cost of maintenance and management is kept at a very competitive level.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



**DATO' YOONG
LEONG YAN**
Executive Director

Malaysian | Age 62 | Male

DATE APPOINTED TO THE BOARD

1 August 2022

LENGTH OF SERVICE (as at 31 March 2023)

8 months

DATE OF LAST RE-ELECTION

Not Applicable

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

Dato' Yoong is a Chartered Accountant having completed his Chartered Institute of Management Accountants, United Kingdom ("CIMA") in 1986. He was admitted as an Associate Member of CIMA ("ACMA") in 1993 and designated a Chartered Global Management Accountant ("CGMA") in 2021 by virtue of his membership in CIMA.

In 2021, he was admitted as a Chartered Accountant and member of the Malaysian Institute of Accountants ("MIA").

Dato' Yoong commenced his career in the financial services, money market and corporate banking industry from 1986 to 1991 where he was attached to Arab Malaysian Credit Berhad, Arab Malaysian Merchant Bank Bhd and Chung Khiaw Bank Ltd.

Thereafter he gained extensive investment experience in both the property and equity market from 1991 to 2017 and his last posting before joining Straits Energy Resources Berhad ("Straits") and its subsidiaries ("Straits Group") was as a Senior Vice President of CIMB Investment Bank Berhad ("CIMB"). His stint with CIMB Group was for a 16-year period from 2001 to 2017.

In 2017, he was engaged by Straits Group as its Group Corporate Advisor and has since been advising and handling all matters related to Straits Group's Corporate Affairs, Mergers & Acquisitions, Restructuring, Fund Raising, Corporate Planning/Strategies and Special Projects assigned by the Group Managing Director from time to time.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



**TAN SRI MOHD BAKRI
BIN MOHD ZININ**

*Non-Independent
Non-Executive Director*

Malaysian | Age 69 | Male

DATE APPOINTED TO THE BOARD

3 June 2016

LENGTH OF SERVICE (as at 31 March 2023)

6 years 9 months

DATE OF LAST RE-ELECTION

24 June 2021

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

He obtained his Diploma in Police Science from Universiti Kebangsaan Malaysia in 1989. He started his career in the police force on 6 November 1975 as a probationary inspector. Tan Sri Mohd Bakri was appointed as Deputy Inspector General of the Royal Malaysia Police Force on 17 May 2013.

He served as Police Chief of Kudat, Sandakan, Police Chief and Deputy Police Chief of Kota Kinabalu, Seremban District Deputy Police Chief, Police Chief Lahad Datu District, Police Chief of Cheras and Dang Wangi District.

Tan Sri Mohd Bakri has also served as Assistant Director of the Criminal Intelligence Unit in the Bukit Aman Criminal Investigation Department before being appointed as Sabah Chief of Criminal Investigation Department (CID) in 2003.

In 2005, he was appointed as the Deputy Police Commissioner. In 2006, he was appointed as Deputy Director (Intelligence/Operations) CID Narcotics and became its Director a year later.

In 2008, he was appointed as Director of the Criminal Investigation Department, Bukit Aman. Since June 2016, he is a member of the Police Force Commission Board.

MEMBERSHIP ON THE BOARD COMMITTEE

- Chairman of the Board Risk & Compliance Committee
- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



LEONG FOOK HENG
*Independent
Non-Executive Director*

Malaysian | Age 64 | Male

DATE APPOINTED TO THE BOARD

17 August 2015

LENGTH OF SERVICE (as at 31 March 2023)

7 years 7 months

DATE OF LAST RE-ELECTION

22 June 2020

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

He is an Associate Member of the Institute of Chartered Secretaries and Administrators and Chartered Institute of Management Accountants (United Kingdom) and is also a Member of the Malaysian Institute of Accountants.

He began his career as a Marketing Officer in a Credit & Leasing Company in 1981 and subsequently rose to the rank of a Branch Manager. He was then promoted as Senior Manager, Head of Corporate Banking, specializing in Equipment Finance/SME lending at a Financial Institution for more than 14 years.

Subsequently, he moved to other Banks, both foreign and local, and held positions as Vice President, General Manager, Business Banking and Group Head, Risk Management. He was also appointed as a Board member in some of the Banks prior to his retirement.

MEMBERSHIP ON THE BOARD COMMITTEE

- Chairman of the Audit Committee
- Member of the Nomination & Remuneration Committee
- Member of the Board Risk & Compliance Committee

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



HARISON BINTI YUSOFF

*Non-Independent
Non-Executive Director*

Malaysian | Age 66 | Female

DATE APPOINTED TO THE BOARD

1 March 2020

LENGTH OF SERVICE (as at 31 March 2023)

3 years

DATE OF LAST RE-ELECTION

23 June 2022

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

Puan Harison obtained her Master in Managerial Psychology from HELP University in 2011. Prior to that she completed her Bachelor of Science with Education (Honours), University Malaya in 1983. In order to equip herself better in the corporate world, she obtained her Diploma in Public Relations in 1995 from International Correspondence Schools Learning Centre, Glasgow. Subsequently, for the next five (5) years, Puan Harison served in several companies, as a PR and Communications practitioner with Silicon Communications, Mahir Events and Yaohan Berhad.

In 1998, she joined Petrosains Discovery Centre, a subsidiary of PETRONAS, as Head of Public Relations. As a key employee from its inception, Puan Harison was involved in developing standard processes and procedures for communication, issue management and crisis preparedness.

From 2006 to 2008, Puan Harison served at the PETRONAS Corporate Affairs Department and her role involved enhancing corporate reputation through stakeholder management and corporate social responsibility ("CSR") programmes. As team leader for the flagship CSR programme called "Program Bakti Pendidikan PETRONAS", Puan Harison was responsible for the implementation of the programme, which included recruiting and developing over 600 volunteers to run the programme. She also collaborated with schools to conduct language workshops and camps to build English competencies among teachers during the critical period where science and mathematics were taught in English.

From 2008 to 2012, Puan Harison was assigned as Learning Manager with the PETRONAS Leadership Centre. During her tenure at the PETRONAS Leadership Centre, Puan Harison was active in designing, developing and delivering programmes in areas of Business Communication, Leadership, Emotional Intelligence as well as Creativity & Innovation. She was involved in several high profile talent pipeline development programmes, like the Global Mindset for Leaders programme in collaboration with the US-based Thunderbird School of Global Management and Building Leaders Programme (BLP).

Several years after retirement, Puan Harison focused more into writing courses - training and coaching PETRONAS staff, locally as well as internationally to improve their skills in business writing, ranging from emails to reports, proposals, concept papers, minutes of meeting, board papers, handbooks, and such.

Puan Harison herself is a writer, having authored articles for local and international publication which included: DIMENSION, a New York-based publication for The Association of Science & Technology Centers or ASTC (2003 & 2005), case studies in The Thunderbird School of Business - Global Mindset for Leaders Case Book (2012) and a PETRONAS Lubricant business case study: Navigating a Fragmented Lubricant Market Place for PETRONAS Leadership Workshops (2014). Puan Harison also wrote several articles and proofread a 145- page Impact Study Report for MIGHT (2020-2022).

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



**DATIN NG FONG
SHIANG**

*Independent
Non-Executive Director*

Malaysian | Age 44 | Female

DATE APPOINTED TO THE BOARD

17 August 2022

LENGTH OF SERVICE (as at 31 March 2023)

7 months

DATE OF LAST RE-ELECTION

Not Applicable

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

Datin Ng Fong Shiang graduated from University Sains Malaysia, Penang with Degree in Economics.

Datin Ng Fong Shiang started her career in 2002 with Hong Leong Bank Berhad as Senior Executive for a period of 5 years and later as Branch Manager of Shah Alam branch in 2008.

She subsequently joined RHB Capital Berhad as Section Head, Transformation Office in 2009 for 2 years and RHB Bank Berhad as Section Head, Acquisition Management & Monitoring in 2011 for 3 years. From 2014 to 2016, she was a Financial Consultant where she provided financial advisory services to companies in the construction and property development industry.

She is currently attached as a Chief Financial Officer with Perfect Channel Sdn Bhd, a steel manufacturing company since 2017.

MEMBERSHIP ON THE BOARD COMMITTEE

- Chairman of the Nomination & Remuneration Committee
- Member of the Audit Committee
- Member of the Board Risk & Compliance Committee

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance at Board Meetings during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement on pages 49 to 50 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd



LEONG KOK CHAW
*Independent
Non-Executive Director*

Malaysian | Age 61 | Male

DATE APPOINTED TO THE BOARD

18 January 2023

LENGTH OF SERVICE (as at 31 March 2023)

2 months

DATE OF LAST RE-ELECTION

Not Applicable

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

Leong Kok Chaw is a Certified Credit Professional by Institute Bank-Bank Malaysia since 2003.

He started his career in 1983 with Malayan Banking Berhad as Junior Executive. In 1989, he joined Affin Bank Berhad as Bank Executive and rose up as Branch Manager in 1998. In 2004, he was appointed as Head of Business Centre in Affin Bank Berhad, Port Klang Branch and in 2006, he was appointed as the Senior Manager SME Department at Affin Bank Berhad, Head Office.

After more than 17 years in Affin Bank, in 2007, he moved to Ambank Berhad as Senior Manager, SME Department.

His vast experience gained in the banking industry includes specializing in government contract financing & international trade financing. He helmed various positions and capacities in several local financial institutions throughout his 28 years of banking career.

In 2009, equipped with his in-depth knowledge in international trade, he decided to venture into international logistics business by providing the one stop logistics solutions which includes forwarding, custom clearance, warehousing and distribution to his international clients from China & Korea.

To date, he continues to provide the advisory services in international trade, government authority compliances as well as the foreign workers recruitment for the local and foreign investors in Malaysia.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

Not applicable.

BOARD OF DIRECTORS' PROFILE

cont'd



HO HUNG MING

*Alternate Director to
Tan Sri Mohd Bakri
Bin Mohd Zinin
(Non-Independent
Non-Executive Director)*

Malaysian | Age 31 | Male

DATE APPOINTED TO THE BOARD

Appointed as an Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin on 12 January 2017

LENGTH OF SERVICE (as at 31 March 2023)

Not applicable

DATE OF LAST RE-ELECTION

Not applicable

ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S) AND WORKING EXPERIENCE

Ho Hung Ming holds a Bachelor Degree (Hons) in Economics and Politics and a Master Degree in Project Management from Manchester Metropolitan University, United Kingdom obtained in 2013 and 2014 respectively.

After graduation, he joined Tumpuan Megah Development Sdn Bhd ("TMD") as a management trainee and was attached to various functions of the company's business operations, specifically in marketing division.

He was then promoted as a manager of TMD in charge of sales and marketing and management. TMD is involved in the business of supplying bunkering services, oil trading and barging to customers in the shipping industry of Marine Gas Oil.

In July 2019, he was promoted from his current position as the General Manager of Selatan Bunker (M) Sdn Bhd, a position he has held since December 2016 to be the Marketing Director of TMD to oversee the development and expansion of the Group's oil bunkering services, product and its customer base.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

He is the son of Dato' Sri Ho Kam Choy, the Group Managing Director and major shareholder of the Company.

CONFLICT OF INTEREST

None

CONVICTION FOR OFFENCES WITHIN THE PAST 5 YEARS AND ANY PUBLIC SANCTION OR PENALTY IMPOSED BY RELEVANT REGULATORY BODIES (OTHER THAN TRAFFIC OFFENCES) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED CORPORATIONS

None

ATTENDANCE AT BOARD MEETINGS

Not Applicable

PROFILE OF KEY SENIOR MANAGEMENT

QUALIFICATIONS

In 1972, He obtained his GCE "O" level in Singapore.

WORKING EXPERIENCE

He Began his career in 1976 as a Supervisor with Robin Shipyard (Pte) Ltd, Singapore which he mainly responsible for the supervision of special projects.

He then joined Century Design Pte Ltd as a managing director in 1979, which he was mainly responsible in leading the regional of the company's short and long-term strategy, maintaining awareness of the competitive market landscape, expansion opportunities, industry development, etc. Thereafter, he left Century Design Pte Ltd in 1994 and joined Rowella Construction Pte Ltd in 1995 as a managing partner. Subsequently he further gained 7 years of experience in the bunkering industry, where he was responsible in managing bunker oil business, monitoring the oil market, producing market reports and statistical market information and efficiently liaise with the team on all internal and external developments.

The oil bunkering and oil trading division via Tumpuan Megah Development Sdn Bhd is currently under his direct supervision where he is in-charge of the regional bunker business and activities of the company.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 May 2019.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.



WANG WHEE CHIN

*Regional Manager,
Tumpuan Megah
Development Sdn Bhd*

Singaporean | Age 68 | Male

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



BENJAMIN BERNARD BIJION

*Chief Executive Officer
Victoria STS (Labuan)
Sdn Bhd*

Malaysian | Age 63 | Male

QUALIFICATIONS

He attended his First Mate Foreign-Going Ship Post Sea Course at Malaysia Maritime Academy, Malacca in 1986 and qualified with Certificate of Competency issued by Malaysia Marine Department. In year 1989, attended a three (3) months Advance Aviation & Maritime Search and Rescue Course conducted by Civil Aviation Department, Subang Airport College. In year 2000, attended a one (1) month comprehensive Marine Surveyor's Course as per International Maritime Organization Module at Malaysia Maritime Academy, Malacca. In year 2001, attended a six (6) months Advance Marine Surveyor and Ship Engineering Course at JICA Training Centre in Yokohama, Japan.

WORKING EXPERIENCE

He started his career as a Cadet Marine Officer with Port & Harbours Department, Sabah State Government in 1979 and attached with Mercantile Harbour Office in Labuan Port. Subsequently he served as cadetship onboard M.V. Lautan Rani with Lautan Biru Shipping Sdn. Bhd. In 1980 for approximately 3 years before he served as second Mate onboard M.V. Gaya Dua managed by Malaysian International Shipping Corporation Berhad in 1985. In 1987, he served onboard as Chief Mate onboard M.V. Mulpha Taiping managed by Pacific Carriers Limited.

In 1989, he joined the Federal Service as a Marine Officer with Sabah Marine Department in charge of Maritime Safety and Navigation Division. In 2000, he has been promoted as Senior Marine Officer in charge of Marine Engineering and Survey Division. Subsequently in 2002, promoted as Marine Director with Sabah Marine Department based in Kota Kinabalu, Sabah.

Thereafter he joined Malaysia Marine Department in 2007 and continue serving as Marine Director in Kota Kinabalu, Sabah until 2008. Then transferred back to Labuan Federal Territory as Regional Marine Director in year 2009 until retirement in 2020.

In April 2021, he joined Victoria STS (Labuan) Sdn Bhd where he is responsible for any matters related to all government agency and to ensure compliance with all requirements as stated in the policy approved by Ministry of Transport and also to ensure compliance with all requirements stated in the Condition of Approval from Malaysia Marine Department.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 April 2021.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



HO KHIN CHOY
Chief Executive Officer
Straits CommNet
Solutions Sdn Bhd

Malaysian | Age 54 | Male

QUALIFICATIONS

Obtained his Bachelor of Science Degree in Electrical Engineering minoring in Telecommunication and Computer Engineering from the University of Louisiana (formerly known as University of Southwestern Louisiana), Lafayette Louisiana, United States of America, in December 1990.

WORKING EXPERIENCE

In 1991, he began his telecommunication career as a Microwave Transmission Field Test Engineer in ALCATEL, Standard Elektrik Lorenz AG, where he was involved in installing and testing Telekom Malaysia Berhad's main trunk transmission link. He then moved on to be part of the first-generation mobile networks (ETACS and AMPS) doing network testing and optimisation until 1993. From 1993 to 2000, he joined several companies as a project engineer and project manager where he was involved in cellular/wireless network planning, network deployment, testing and commissioning, as well as network consulting.

Thereafter, he pursued a career in network consulting and business development. In 2000 to 2003, he was the regional operation manager in Logica (Malaysia) Sdn Bhd, whereby he played a leading role in managing the division, growing the engineering and consultancy business and resources for the Asia-Pacific (APAC) region. Subsequently in 2004 to 2008, he was the senior solution consultant and product manager in Nokia Networks (Malaysia) Sdn Bhd, in which he was involved in creating and improving and selling network planning and optimisation services as well as the analysis of operation processes, the advantages and disadvantages of the processes affecting services and a subject matter expert in network design and service management platform services solutions, creating business opportunities for the managed services portfolio.

From 2010 to 2012, he re-joined Nokia Siemen Network (Malaysia) Sdn Bhd as the Head of solution consulting for the APAC region. From 2012 to 2014, he joined Ascom Network Testing (Malaysia) Sdn Bhd as the Sales Director. He was subsequently appointed as the Regional Sales Director for Aptilo Networks Sdn Bhd from 2014 to 2016. In 2016, he joined Kathrein APAC Pte Ltd as the Sales and Solutions Consulting Director for the SEA region. From 2018 to 2021, he has been the Senior Solution Architect and Head of In-building Solutions ("IBS") of Edotco Malaysia Sdn Bhd, a subsidiary of Edotco Group Sdn Bhd. During this period, he initiated amongst others, business strategies, technical solutions and products for mobile network neutral hosting infrastructure setups.

He was appointed as the Chief Executive Officer of Straits CommNet Solutions Sdn Bhd after joining on 3 February 2022 where he is responsible for the overall management, operations, and business development of the Telecommunication and Network Services Business.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 3 February 2022.
- He is the brother of Dato' Sri Ho Kam Choy, the Group Managing Director and major shareholder of the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



**CAPTAIN DJIE
KWANG LIONG**

*Chief Operating Officer
Straits Marine
Services Pte Ltd*

Singaporean | Age 46 | Male

QUALIFICATIONS

He obtained his Bachelor Degree in Maritime Operations from the Maritime Institute of Willem Barentsz, the Netherlands sponsored by the Maritime and Port Authority of Singapore in 2007 and a Diploma of Nautical Studies from Singapore Polytechnic in 1999. In 2009, he obtained a Specialist Diploma in Workplace Safety and Health from Ngee Ann Polytechnic. Captain Djie Kwang Liong has a Certificate of Competency ("COC") Class 1 Master Mariner (Foreign-going) issued by the Maritime Port Authority of Singapore.

WORKING EXPERIENCE

He started his shore-based career as a Marine Officer/Senior Marine Officer with the Maritime and Port Authority of Singapore in 2007 where he worked in the Port Operations Department responsible to ensure smooth operations of the Port Operation Control Centre 1 ("POCC 1") and thereafter worked in the Marine Safety Department ensuring the Safety and Environmental Enforcement within Singapore Port waters.

Subsequently, he joined the Braemar Technical Offshore Services under the Braemar Group in 2009 as a Marine Warranty surveyor/CIMD/Offshore Vessel Inspection Database Inspector where he attended to various types of Anchor Handling & Supply Tugs, Towing Tugs, Seismic Operations vessel, & supervising Load Out operation, Towage Approval and Float On/Off of Jack-Up Rigs around the world.

In 2011, he joined the Jaya Offshore Company as Marine Safety Manager / Designated Person / Company Security Officer managing a fleet of 20 odds offshore vessels.

In 2012, he co-founded Skips Marine Services Pte Ltd in Singapore and was the Safety Director where he responsible to secure the Document of Compliance with the relevant authorities and maintaining the ISO 9001 and the OHSAS 18001 system.

In 2019, he joined and set up Straits Marine Services Pte Ltd where he is responsible for the implementation of the International Safety Management and International Ship Security Management for the fleet.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 July 2019.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATIONS

He obtained the Malaysian Examination Certificate in 1988.

WORKING EXPERIENCE

He has approximately 30 years of experience in the general cargo and container operations in the Labuan port. He commenced his career in 1990 with Standard Marine Agencies Sdn Bhd as Shipping Clerk who responsible to oversees and keeps records of all shipping and receiving.

He left Standard Marine Agencies Sdn Bhd in 1993 and joined Mercury Line Sdn Bhd as Shipping Assistant which he was mainly responsible to process incoming and outgoing shipments.

In 1999 he was appointed as a Director and Operation Manager in Sallion Shipping Sdn Bhd where he was responsible for various tasks such as packaging, verifying content for shipping, receiving packages, ordering supplies, leading and managing staff.

The port management division via Megah Port Management Sdn Bhd is currently under his direct supervision where he is in charge of the implementation of business operations activities in Labuan Port and ensuring the company's policies meet Labuan Port Authority's regulations.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 25 February 2020.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.



IDJAL BIN TAHIR
Chief Executive Officer
Megah Port
Management Sdn Bhd

Malaysian | Age 52 | Male

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



CHAI YIING JEN
Managing Director
Straits Alliance
Transport Sdn Bhd

Malaysian | Age 44 | Male

QUALIFICATIONS

He graduated from Ferris State University, USA, with an Associate Degree majoring in Automotive Service Technology in 2000.

WORKING EXPERIENCE

He began his career as a Coordination Engineer with General Motors, USA in 2001 which he was mainly responsible for the research and development of motor vehicles and trucks, apart from monitoring and providing training to its technicians on new automotive technology, as well as developing a new system to monitor recruitment and performance of its employees. He left General Motors in 2002.

In 2004, he joined Kee Fatt Motor Works Distributors Sdn Bhd ("Kee Fatt") as its executive director, where he was responsible for overseeing the overall daily operational matters and formulating the business development plans and activities of Kee Fatt. He was also taking charge of the logistics related matters which include, amongst others, the coordination of drivers on duty, the arrangement of truck maintenance, as well as to monitor and implement the safety requirements and transportation issued so as to be in compliance with the requirements set by the company's clients.

In 2014, he founded Am Alliances Sdn Bhd ("Am Alliances"), a transportation service provider, and as an executive director, he was mainly involved in the provision of land transportation services for his customers who are mainly construction players. In 2015, he left Kee Fatt and fully devoted his time in Am Alliances. He had since left Am Alliances in 2018, to fully devote his time in Straits Alliance Transport Sdn Bhd ("SAT") from February 2019 onwards.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group as director of SAT on 19 February 2019.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATIONS

He is a Chartered Accountant. He completed his Malaysian Institute of Certified Public Accountant Professional ("MICPA") Examination in 1993 (formerly known as Malaysian Association of Certified Public Accountant), and was admitted as a Member of MICPA on 29 January 1994, and subsequently admitted into the Malaysian Institute of Accountants ("MIA") as a Chartered Accountant on 24 October 1994.

WORKING EXPERIENCE

He commenced his accountancy career in 1985, with a 4-year articleship with BDO Binder as an Article Clerk before furthering his career in 1990 with Ernst & Young as an Audit Assistant, where he had completed his MICPA examination.

Thereafter, he left Ernst & Young in 1995 as an Audit Senior and joined Fella Design Group, a regional furniture manufacturer cum retailer as the Group Accountant, overseeing the accounts, finance, internal audit, human resources and information technology in 1996.

In 2005, he became the Finance Director of VHQ Group of Companies, overseeing the accounts, finance and corporate secretarial matters in Malaysia, Singapore, Indonesia, Thailand, Vietnam and China.

Before he was appointed as the Financial Controller of the Group, between 2012 to 2017, he provided general management consultancy and GST services in Malaysia. He was promoted to the Group Chief Financial Officer cum General Manager of the Company on 1 July 2022.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 April 2017.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five (5) years and no public sanctions or penalty imposed by relevant regulatory bodies (other than traffic offences) during the financial year ended 31 December 2022.
- He is currently an Independent Director of QES Group Berhad.



HOH CHEE MUN
Group Chief Financial
Officer Cum General
Manager
Straits Energy
Resources Berhad

Malaysian | Age 58 | Male

AUDIT COMMITTEE REPORT

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") is pleased to present the Audit Committee Report for the financial year ended 31 December 2022 ("**FY2022**") which provides insights into the manner in which the Audit Committee ("**AC**") discharged its functions for the Group in the FY2022.

Pursuant to Rule 15.09(1) of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company has established an AC, comprising the following members:-

COMPOSITION

The AC comprises three (3) members, all of whom are Non-Executive Directors and majority of them are Independent Non-Executive Directors namely:-

Chairman	:	Leong Fook Heng <i>Independent Non-Executive Director</i>
Member	:	* Datin Ng Fong Shiang <i>Independent Non-Executive Director</i>
Member	:	Tan Sri Mohd Bakri Bin Mohd Zinin <i>Non-Independent Non-Executive Director</i>

Note:-

* Datin Ng Fong Shiang was appointed as member of AC on 17 August 2022 in place of Ho Fook Meng whom had relinquished his position as member of AC on 27 July 2022 pursuant to his resignation as Director of the Company on the same date.

The AC Chairman, Leong Fook Heng is an Independent Non-Executive Director who is not the Chairman of the Board. He is a member of the Malaysian Institute of Accountants ("**MIA**") and Associate Member of Chartered Institute of Management Accountants (United Kingdom). Accordingly, the Company complies with Rule 15.09(1)(c)(i) of the ACE LR of Bursa Securities.

All AC members are financially literate and they have sufficient knowledge and understanding of the Group's businesses to enable them to discharge their duties effectively and there is no alternate director appointed as a member of the AC.

None of the members of the AC was a former key audit partner of the External Auditors of the Group.

TERMS OF REFERENCE ("**TOR**")

In performing its duties and discharging its responsibilities, the AC is guided by its TOR.

The TOR of the AC outlining the composition, authorities, roles and responsibilities of the AC, which are consistent with the requirements of the ACE LR of Bursa Securities, is available on the Company's website at <https://www.straits-energyresources.com>.

AUDIT COMMITTEE REPORT

cont'd

MEETINGS

During the FY2022, five (5) AC Meetings were held and the details of attendance of each member are as follows:-

No.	Name of Directors	No. of Meetings Attended	%
1.	Leong Fook Heng - Chairman	5/5	100
2.	*Ho Fook Meng - Member	3/3	100
3.	Tan Sri Mohd Bakri Bin Mohd Zinin - Member	5/5	100
4.	**Datin Ng Fong Shiang - Member	2/2	100

Note:-

* Ho Fook Meng relinquished his position as member of AC on 27 July 2022 pursuant to his resignation as Director of the Company on the same date.

** Datin Ng Fong Shiang was appointed as member of AC on 17 August 2022.

The majority of members present must be Independent Directors and shall not be less than two (2) to constitute quorum.

The Company Secretaries who are also the Secretaries to the AC attended all the AC meetings held during the financial year under review. The Internal and External Auditors were also invited to attend the AC meetings to present their audit plan and audit findings. The Group Chief Financial Officer cum General Manager ("**Group CFO**"), Internal Auditors, Group Managing Director ("**Group MD**"), Key Senior Management and others may attend the AC meetings, on the invitation of the AC, to provide information and clarification required for items on the agenda.

The notice of the AC meetings and the meeting papers would be circulated in advance to each AC member for reference. All deliberations during the AC meetings were duly minuted by the Company Secretaries in attendance. The minutes of the AC meetings were tabled for confirmation at every succeeding AC meeting.

TERM OF OFFICE AND ANNUAL ASSESSMENT

During the year under review, the Board of Straits, via the Nomination & Remuneration Committee ("**NRC**"), reviewed the Term of Office and performed the annual assessment on the performance of the AC and each of its members pursuant to Rule 15.20 of the ACE LR of Bursa Securities. This annual assessment was done to evaluate whether the AC and each of its members had discharged their responsibilities and duties in accordance with the AC's TOR.

The AC members' literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements.

The Board was satisfied that the AC and its members were able to discharge their functions, duties and responsibilities in accordance with the TOR of the AC.

AUDIT COMMITTEE REPORT

cont'd

REPORTING TO THE BOARD

After each AC meeting, the Chairman of the AC shall update and report to the Board on significant issues and concern discussed during the meeting and to convey the recommendations on the Quarterly Financial Reports and Annual Financial Statements with or without amendments as the case may be, to be approved and adopted by the Board for release to Bursa Securities. As and when necessary, the AC Chairman would convey to the Board, matters of significant concern raised by the Internal or External Auditors.

SUMMARY OF ACTIVITIES OF AC

The AC carried out the following activities in discharging its functions and duties during the FY2022:-

1) Financial Performance and Reporting

- a) Reviewed the unaudited Quarterly Financial Reports for the quarters ended 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022.

When reviewing the reports, the AC had obtained reasonable assurances that the condensed consolidated interim financial statements were prepared in accordance with Rule 9.22 of ACE LR of Bursa Securities, applicable Malaysian Financial Reporting Standards ("**MFRS**"), International Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The AC had sought explanations and additional information from the Group CFO, Group MD and Executive Directors on the reasons for the variance/fluctuations in the financial performance of the Group, including the key income and operating expenses.

- b) Reviewed the consolidated Audited Financial Statements of the Company and the Group for FY2021 and ensuring that the statements comply with the MFRS, for recommendation to the Board for approval.

Discussed with the Group CFO and External Auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented, applicable accounting standards approved by the Malaysian Accounting Standards Board ("**MASB**"), provisions of the Companies Act 2016 and requirements under the ACE LR of Bursa Securities had been complied with; significant matters including Key Audit Matters, going concern considerations and critical accounting judgements and key sources of estimation uncertainties made by the Management had been evaluated by the External Auditors; and impact of new accounting standards for the following financial year, where relevant, had been assessed.

The External Auditors report on the financial statements was not subject to any qualification.

2) External Auditors

- a) Reviewed the Audit Review Memorandum prepared by Messrs. Moore Stephens Associates PLT ("**Moore Stephens**") for the financial year ended 31 December 2021 ("**FY2021**").
- b) Reviewed the Audit Planning Memorandum for the FY2022 prepared by Moore Stephens, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

2) External Auditors (cont'd)

- c) Reviewed and discussed with Moore Stephens, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the MASB, and the scope of work and audit plan for the FY2022, including any significant issues and concerns arising from the audit.
- d) Reviewed the statutory audit fees for the FY2022 and recommended the same for the Board's approval.
- e) Received assurance of independence by the engagement partner and engagement team.
- f) Had private session with Moore Stephens without the presence of the Executive Directors and Key Senior Management of the Group to discuss matters relating to issues arising from their statutory audit for the FY2021 and any matters which Moore Stephens noted in the course of preparation of their year 2022 Audit Plan which they wished to discuss with the AC. Nevertheless, Moore Stephens had not brought up any significant issues which warranted the attention of the AC during the discussions.
- g) Reviewed the provision of non-audit services rendered by Moore Stephens to the Group, in circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group's business operations, systems and processes.

In considering the nature and scope of the non-audit services, the AC was satisfied that the services were not likely to impair the External Auditors' independence and objectivity.

- h) Reviewed the effectiveness, suitability and independence of Moore Stephens vide a formalised "Assessment on External Auditors".

The AC had conducted an evaluation of the External Auditors for the FY2021, encompassing technical competencies, adequacy of specialist support and partners/director accessibility and time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communications to the AC.

Upon completion of the assessment, the AC was satisfied with Moore Stephens' technical competency i.e. effectiveness, suitability and independence during the financial year under review and recommended to the Board the re-appointment of Messrs. Moore Stephens Associates PLT as External Auditors for the FY2022.

At the Annual General Meeting held on 23 June 2022, the shareholders had approved the re-appointment of Moore Stephens as External Auditors of the Company.

3) Internal Audit ("IA")

- a) Reviewed and deliberated the IA reports presented by Tricor Axcelasia Sdn Bhd ("**Axcelasia**") and considered their findings and recommendations in the Group's operating subsidiaries and Management's responses thereto.
- b) Discussed with the Management on actions to be taken to improve the system of internal controls based on the recommendations and findings identified in the IA reports and made necessary recommendations to the Board for approval.
- c) Reviewed and recommended the proposed appointment of Resolve IR Sdn Bhd ("**Resolve IR**") as new outsourced Internal Auditors in place of Axcelasia and their Internal Audit plan for the financial year ending 31 December 2023 ("**FY2023**") to the Board for approval.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

4) Related Party Transactions

- a) Reviewed the procedures and processes to monitor, track and identify related party transactions. The AC took note of all the mandated and non-mandated recurrent related party transactions ("RRPT") entered into by the Group and matters involving conflict of interest within the Company or the Group as reported by the Group CFO on a quarterly basis.
- b) The AC was satisfied that the Group had complied with the financial and regulatory reporting whereby all RRPTs were:
 - i) on arm's length basis and on normal commercial terms, and not more favourable to the related party than those generally available to the public;
 - ii) not to the detriment of the minority shareholders; and
 - iii) within the threshold in accordance with the mandate approved by the shareholders.
- c) Reviewed the Circulars to Shareholders in relation to the Proposed Renewal of Existing, Shareholders' Mandate for RRPT of a Revenue or Trading Nature and new Shareholders mandate for additional RRPT before tabling to the Board for its recommendation to the Shareholders for approval.

5) Annual Report

Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control ("**SORMIC**") for FY2021 prior to recommending the same for the Board's approval for inclusion in the Company's Annual Report.

INTERNAL AUDIT FUNCTION

The Group engaged an independent professional firm i.e. Axcelasia as outsourced Internal Auditors to carry out the internal audit function for the FY2022. Axcelasia has been discharging its duties in assessing the effectiveness of the existing internal control systems of the Group. The independent internal audit function and activities were carried out according to the annual internal audit plan and schedule which had been approved by the AC.

Axcelasia served to assist the AC by independently evaluating and improving the effectiveness of the system of internal control. The internal audit was conducted using a risk-based approach as guided by the International Professional Practices Framework ("**IPPF**") issued by Institute of Internal Auditors, Inc.

The engagement Executive Director of Axcelasia is Chang Ming Chew ("**Chang**"), who is an Executive Director of Axcelasia. Chang is a Certified Information Systems Auditor from ISACA; Certified Internal Auditor and holds a Certification in Risk Management Assurance from the Institute of Internal Auditors; professional member of the Institute of Internal Auditors Malaysia; member of the Association of Chartered Certified Accountants (UK) and member of the MIA.

The number of staff deployed for the internal audit reviews is four (4) staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree and some are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION (cont'd)

During the financial year under review, the activities carried out by Axcelasia are as follows:-

- a) Carried out internal audits in accordance with the risk based internal audit plan approved by the AC;
- b) Presented the Internal Audit Reports to the AC highlighting audit findings, recommendations to improve and Management responses; and
- c) Performed follow up review on these findings and updated the status to the AC.

Based on the internal audit conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The total cost incurred for the Internal Auditors in relation to the conduct of the internal audit functions of the Group during the FY2022 amounted to RM28,000.

In November 2022, the Board had approved the appointment of Resolve IR as the new outsourced Internal Auditors in place of Axcelasia as recommended by the AC, to conduct internal audit for the Group for the FY2023.

Details of internal audit activities and scope of coverage for the financial year under review, are set out in the SORMIC included in this Annual Report.

This report is made in accordance with the approval of the Board on 18 April 2023.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") reaffirms its commitment to good corporate governance and best practices for Straits and its subsidiaries ("**the Group**") in line with the recommendations of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") and the provisions in the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Board believes that having a strong corporate governance framework is the key to bring strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to shareholders.

The Board is pleased to report the Company's application of the following three (3) key principles of the MCCG during the financial year ended 31 December 2022 ("**FY2022**").

This Corporate Governance Overview Statement ("**the Statement**") is to be read in conjunction with the Corporate Governance Report ("**CG Report**"), which is made available online at <https://www.straits-energyresources.com>. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the FY2022.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 : BOARD RESPONSIBILITIES

Clear Roles and Responsibilities

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines in addition to adopting the Practices in the MCCG and act in the best interest of the Group and shareholders. The Board has adopted a Board Charter that clearly identifies the respective roles and responsibilities of the Board, Board Committees and individual Directors as well as issues and decisions reserved for the Board.

The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives.

The Board assumes the following responsibilities:

- i) Determining strategic direction;
- ii) Overseeing the proper conduct of the Group's business;
- iii) Identifying principal risks;
- iv) Succession planning;
- v) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems; and
- vi) Supervise and assess Management's performance to determine whether the business is being properly managed.

The Board has reserved certain material matters for the collective review and decision by the Board. Matters reserved for the Board include but are not limited to the following:

- i) Group's business strategies and business plans;
- ii) Annual budgets, including major capital expenditure projects;
- iii) Material acquisition and disposal of assets; and
- iv) Significant financial matters.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 1 : BOARD RESPONSIBILITIES (cont'd)

Clear Roles and Responsibilities (cont'd)

Other than matters as specifically reserved for the Board's decision in the Board Charter, the responsibility of managing the Group's business activities and affairs is delegated to the Group Managing Director ("**Group MD**") who is responsible for overseeing the business development, implementation of the corporate strategies and business plans, policies and controls with the assistance and support from the Executive Directors and Key Senior Management. The Group MD operates in accordance with the Board's approved policies and delegated authority limits.

The Directors are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of its stakeholders. The roles and responsibilities of the Board are delineated in the Board Charter.

In discharging its stewardship role effectively, the Board has delegated and conferred some of its authorities and powers to its Board Committees, namely the Audit Committee ("**AC**"), Nomination & Remuneration Committee ("**NRC**") and Board Risk & Compliance Committee ("**BRCC**") ("**Board Committees**").

The Board Committees are entrusted with responsibilities to oversee specific aspects of the Company's affairs according to their respective terms of reference ("**TOR**"), approved by the Board and to report to the Board their findings and recommendations. The decision to act on such recommendations lies solely with the Board.

The TORs of the Board Committees are available on the Company's corporate website at <https://www.straits-energyresources.com>.

Roles and Responsibilities of Chairman of the Board

Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah is the Non-Independent Non-Executive Chairman of the Board. He is primarily responsible for matters pertaining to the Board and overall conduct of the Group. The Chairman is neither a member of the AC, the NRC nor the BRCC.

The Chairman leads the Board in ensuring its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group. The Chairman is also responsible for:

- i) Providing leadership to the Board so that the Board can perform its responsibilities effectively;
- ii) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- iii) Conducting the Board meetings by leading Board meetings and discussions;
- iv) Overseeing the effective discharge of the Board's fiduciary duties;
- v) Facilitating the effective contribution of all Directors and encouraging active participation and allowing dissenting views to be freely expressed;
- vi) Ensuring all the Directors are properly briefed in relation to issues arising at meetings;
- vii) Promoting constructive and respectful relations between Board members and between the Board and the Management; and
- viii) Leading the Board in establishing and monitoring good corporate governance practices in the Company.

Separation of Roles of Chairman and Group MD

In line with the MCGG, there is a clear division of responsibilities between the Chairman and the Group MD. The positions of the Chairman and Group MD are held by two (2) different individuals to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 1 : BOARD RESPONSIBILITIES (cont'd)

Separation of Roles of Chairman and Group MD (cont'd)

The Chairman is responsible for ensuring the Board's effectiveness and conduct whilst the Group MD has the overall responsibilities over the Company's operating units, organisational effectiveness and implementation of policies and decisions of the Board.

The Group MD, with the assistance and support from the Executive Directors and Key Senior Management, is responsible for the day-to-day management of the Company and the Group, implementing the Board's policies and decisions to achieve the short-term and long-term objectives as well as coordinating the development and implementation of business and corporate strategies. The Group MD and the Executive Directors will translate the Board's decisions, business plans and policies into operational goals.

Company Secretaries

In applying Practice 1.5 of the MCGG, the Board is supported by two (2) competent Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("**CA 2016**").

They are members of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and Malaysian Association of Company Secretaries ("**MACS**"). Both the Company Secretaries have also obtained their Practising Certificate issued by the Companies Commission of Malaysia pursuant to Section 241(1) of the CA 2016.

The Company Secretaries have attended relevant trainings and seminars to keep themselves abreast with the regulatory changes and corporate governance development.

The Company Secretaries ensure that all meetings of the Board and Board Committees are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.

The Board has full and unlimited access to the Company Secretaries who are available at all times to provide the Directors with the appropriate advice and services.

Access to Information and Advice

All members of the Board have full and unrestricted access to any information pertaining to the Company as well as the advice and services of the Company Secretaries and Key Senior Management. External independent professional advisers may be engaged, where necessary, with approval from the Board or the Board Committees, at the Company's expense to enable the Board to discharge their duties.

The agenda and Board papers for consideration are circulated to all Directors prior to the Board and Board Committees meetings to enable the Directors to obtain and access further information and clarification in order to be well informed of the matters before the meetings.

The Board is updated with the new amendments and updates on the regulations from the authorities as and when occurring by circulation through emails, briefing and hard copy, whichever deemed appropriate and applicable. Besides, the Board is notified of all corporate announcements released to Bursa Securities and is also kept informed of the requirements and updates issued by the various regulatory authorities through the Company Secretaries.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 1 : BOARD RESPONSIBILITIES (cont'd)

Board Charter

In applying Practice 2.1 of the MCCG, the Board has a Board Charter which clearly outlines the respective roles and responsibilities of the Board, Board Committees and individual Directors as well as issues and decisions reserved for the Board, membership and operation of the Board.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of Company's business.

The Board Charter is available for viewing on the Company's website at <https://www.straits-energyresources.com>.

Code of Ethics

One of the key roles of the Board is to promote good business conduct which engenders integrity, transparency, accountability and corporate social responsibility that permeates throughout the Group.

The Board represents the interests of shareholders in optimising Company's value by overseeing management performance on the shareholders' behalf. The Board's responsibilities in performing this function include a duty of care and duty of loyalty.

The Code is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieve the following objectives:

- i) To establish a standard of ethical conduct for Directors based on acceptable beliefs and values a person of right mind upholds; and
- ii) To uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing a company.

The Code of Ethics for the Directors is available on the Company's website at <https://www.straits-energyresources.com>.

The Directors' Fit and Proper Policy

During the FY2022, the Board approved the establishment of the Directors' Fit and Proper Policy to ensure that each of the Directors possesses the character, integrity, experience, competence and time commitment to effectively discharge their roles and responsibilities as Board members and to establish a formal and transparent process for the appointment and re-election of Directors of the Group.

The Directors' Fit and Proper Policy is available on the Company's website at <https://www.straits-energyresources.com>.

Employee Handbook

The Company's Code of Conduct and Ethics for the employees of the Group are comprehensively listed in the Company's Employee Handbook and it provides the ethical framework to guide actions and behaviors of all its employees while at work. They are expected to act with highest standards of personal and professional integrity in all aspects and to comply with applicable law, regulations and policies.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 1 : BOARD RESPONSIBILITIES (cont'd)

Whistleblowing Policy

The Group has in place a Whistleblowing Policy to maintain the highest professional standards of integrity and strives to provide assurance to its shareholders and customers that it operates its business ethically and in accordance with applicable law and regulations. The Whistleblowing Policy provides an avenue for whistleblowers to raise concerns in good faith, confidentially and professionally of any improprieties within the Group and acts as a guidance for employees, Directors, stakeholders and/or any other parties with a business relationship with the Group to report improprieties without the fear of victimisation, reprisals, retaliation, threats, intimidation, discrimination or other unfair treatments as a result of their whistleblowing.

The Whistleblowing Policy is available on the Company's website at <https://www.straits-energyresources.com>.

Anti-Corruption Policies and Procedures ("AC Policy")

The Board has established and adopted the AC Policy in which the Group is committed to conducting the business ethically, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 ("**MACC 2009**") and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.

The AC Policy serves as a guidance to Management and all employees on addressing issues relating to corruption, improper solicitation, bribery and other corruption practices and activities which may arise in the ordinary course of business.

The AC Policy applies to all individuals working for the Group at all levels and grades, the Board and any third party associated with the Group.

The AC Policy is available on the Company's website at <https://www.straits-energyresources.com>.

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to workplace, marketplace, community, environment, social, cultural and governance aspects of business operations which underpin sustainability.

The Board understands that balancing various aspects of business operations with the interests of various stakeholders is essential in enhancing investors' perception and public trust. The Company strives to continuously achieve long term sustainable values for the stakeholders of the Group.

The Group communicates its sustainability strategies, priorities and targets to the internal and external stakeholders via the Sustainability Statement sets out on pages 66 to 73 of this Annual Report.

PART 2 : BOARD COMPOSITION

Board Balance

As at the date of the Statement, the Board comprises ten (10) members; wherein one (1) Group MD, two (2) Executive Directors, three (3) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors and one (1) Alternate Director. The composition of the Board complies with Rule 15.02 of the ACE LR of Bursa Securities which stipulated that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Board Balance (cont'd)

The Executive Directors are complemented by the experience and independent views of the Non-Executive Directors who are professionals in the field of finance, banking, accounting, administration, strategic and business management.

The Board comprises a diverse mix of skills and experienced individuals with their different background, specialisation and expertise, in areas such as entrepreneurship, economics, finance, banking, human capital, marine and logistics, shipping agency, and public services, to ensure it is effective and can optimise the performance and development of strategies of the Company in the interest of investors and shareholders of the Company.

The mixed skills and experience are pivotal in directing and supervising the Group's overall business activities in light of the increasingly challenging economic and operating environment in which the Group operates.

The Board through its NRC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NRC is also satisfied that the existing size, composition, current mix of skills, competences, knowledges and experiences and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The profiles of the members of the Board are provided in the Annual Report on pages 19 to 28.

New Candidates for Board Appointment

The NRC is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

On 27 July 2022, Ho Fook Meng resigned as an Independent Non-Executive Director.

During the FY2022, Dato' Yoong Leong Yan was appointed as an Executive Director on 1 August 2022 and Datin Ng Fong Shiang was appointed on 17 August 2022 as an Independent Non-Executive Director.

Subsequently, on 18 January 2023, Leong Kok Chaw was appointed as an Independent Non-Executive Director of the Company.

Independent Non-Executive Directors

The Independent Non-Executive Directors are independent from the management and are free from any business or other relationships that could materially interfere with the exercise of independent judgement. The Independent Non-Executive Directors provide a broader view and an independent and balanced assessment. They do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgement objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Tenure of an Independent Director

In accordance with the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The Board has, through the NRC, conducted the following annual assessments in the FY2022:-

- i) Independent Directors' self-assessment checklist to assess their independence and the result was reported to the Board;
- ii) The Board has assessed, reviewed and concluded that the two (2) Independent Non-Executive Directors of the Company remain objective and independent. These are based on grounds that they have consistently exercised their independent judgement and challenged the Management in an effective and constructive manner besides actively participated in Board discussion and provided an independent voice on the Board; and
- iii) Each Independent Director has undertaken to notify the Board on any change to his/her circumstances or on any new interest or relationship that would affect his/her independence as an Independent Director of the Company. Such change would be tabled at Board meeting for information and deliberation.

At present, none of the Independent Directors have served more than a term of nine (9) years.

Diversity of Board and Key Senior Management

The Company does not have a specific policy for setting targets for gender, ethnic or age composition in the Board. The suitability of candidates is evaluated based on the candidates' competency, character, time commitment, integrity, and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.

In consideration of Board's appointment, the Board believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment, core competencies and other qualities regardless of gender, ethnicity, and age. Nevertheless, the Board endeavours to support diversity in terms of skills, industrial knowledge, and experiences.

The Group currently has three (3) female Directors on the Board i.e. two (2) in the Company and one (1) in the subsidiary.

The appointment of Datin Ng Fong Shiang as an Independent Non-Executive Director during the FY2022 indicated the Group's commitment on their gender diversity which work towards having more female Directors on the Board.

The age of the current Directors (including Alternate Director) ranges from 31 years old to 69 years old as the Board believes that this creates an environment where each generation brings different skills, experience, and talents to the Board.

Meetings and Time Commitment

Board meetings of the Company are held at quarterly intervals, with ad hoc meetings convened as and when necessary, to consider urgent matters and/or proposals. The Board met on six (6) occasions in the FY2022 to deliberate and consider matters on the Group's financial results, strategic decisions, business plan and direction of the Group.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Meetings and Time Commitment (cont'd)

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board's approvals are obtained via circular resolutions which are supported with information necessary for an informed decision.

The Board is provided with the agenda and Board papers prior to Board meetings with sufficient time to enable the Board to solicit further explanations and/or information, where necessary, to enable them to discharge their duties.

Presentations in relation to business operations are also made by key executives of the Company and its subsidiaries. This allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group, and also promotes active engagement between the Board and the key executives of the Group.

Directors' commitment, resources and time allocated to the Company are evident from the high attendance records for Board and Board Committees meetings held during the FY2022.

The record of the Directors' attendance at Board and Board Committees meetings for the FY2022 is contained in the table below:-

No.	Name of Directors	Board	AC	NRC	BRCC
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah <i>Non-Independent Non-Executive Chairman</i>	5/6 (83%)	Not Member	Not Member	Not Member
2.	Dato' Sri Ho Kam Choy <i>Group MD</i>	6/6 (100%)	Not Member	Not Member	Not Member
3.	Captain Tony Tan Han (Chen Han) <i>Executive Director</i>	5/6 (83%)	Not Member	Not Member	Not Member
4.	Ho Fook Meng <i>Independent Non-Executive Director (Resigned as Director, NRC Chairman, AC Member and BRCC Member on 27/7/2022)</i>	4/4 (100%)	3/3 (100%)	4/4 (100%)	7/7 (100%)
5.	Leong Fook Heng <i>Independent Non-Executive Director</i>	6/6 (100%)	5/5 (100%)	5/5 (100%)	11/11 (100%)
6.	Tan Sri Mohd Bakri Bin Mohd Zinin <i>Non-Independent Non-Executive Director</i>	5/6 (83%)	5/5 (100%)	5/5 (100%)	10/11 (91%)
7.	Harison Binti Yusoff <i>Non-Independent Non-Executive Director</i>	5/6 (83%)	Not Member	Not Member	Not Member
8.	Dato' Yoong Leong Yan <i>Executive Director (Appointed as Director on 1/8/2022)</i>	2/2 (100%)	Not Member	Not Member	Not Member

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Meetings and Time Commitment (cont'd)

No.	Name of Directors	Board	AC	NRC	BRCC
9.	Datin Ng Fong Shiang <i>Independent Non-Executive Director (Appointed as Director and AC Member on 17/8/2022. Subsequently, appointed as BRCC Member on 20/9/2022 and NRC Chairman on 30/11/2022)</i>	2/2 (100%)	2/2 (100%)	N/A	2/2 (100%)
10.	Leong Kok Chaw <i>Independent Non-Executive Director (Appointed as Director on 18/1/2023)</i>	N/A	N/A	N/A	N/A

Based on the attendance record of the Board and Board Committees meetings above, the Board is satisfied with the time commitment given by the Directors.

None of the Directors hold more than five (5) directorships in public listed companies at any one time which is the maximum number of directorships allowed under the ACE LR of Bursa Securities.

Continuous Professional Development

The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. New Directors appointed are required to attend the Mandatory Accreditation Programme ("MAP") pursuant to the ACE LR of Bursa Securities.

During the FY2022, the Directors have attended the training programmes set out below:-

No.	Name of Director	Training/Seminar/ Programme Attended	Date
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	• Update on latest MCCG	28/04/2022
2.	Dato' Sri Ho Kam Choy	• Update on latest MCCG	28/04/2022
3.	Captain Tony Tan Han (Chen Han)	• Update on latest MCCG	28/04/2022
4.	Leong Fook Heng	• Update on latest MCCG	28/04/2022
5.	Tan Sri Mohd Bakri Bin Mohd Zinin	• Update on latest MCCG	28/04/2022
6.	Harison Binti Yusoff	• Update on latest MCCG	28/04/2022
7.	Dato' Yoong Leong Yan	• MAP	26/10/2022- 27/10/2022
8.	Datin Ng Fong Shiang	• MAP	26/10/2022- 27/10/2022
9.	*Leong Kok Chaw	• N/A	

Note:

* Leong Kok Chaw was appointed as Director of the Company on 18 January 2023 and has registered for the MAP to be held on 11 May 2023 to 12 May 2023.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

NRC

The NRC comprises exclusively Non-Executive Directors and a majority of Independent Directors. The members of NRC are as follows:

Chairman	:	Datin Ng Fong Shiang <i>Independent Non-Executive Director</i>
Member	:	Tan Sri Mohd Bakri Bin Mohd Zinin <i>Non-Independent Non-Executive Director</i>
Member	:	Leong Fook Heng <i>Independent Non-Executive Director</i>

Note:

- Ho Fook Meng was the Chairman of the NRC until he relinquished his position as the Chairman when he resigned as Director of the Company on 27 July 2022.
- Datin Ng Fong Shiang was appointed as the new Chairman of NRC on 30 November 2022.

The NRC has a written TOR dealing with its authority and duties which includes the selection and assessment of Directors.

The TOR of the NRC is available on Company's corporate website at <https://www.straits-energyresources.com>.

The NRC is entitled to the services of the Company Secretaries who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

All the assessments and evaluations carried out during the FY2022 were properly documented and minuted by the Company Secretary.

The key functions of the NRC include the following:-

- To regularly review the Board's structure, size and composition;
- To recommend candidates for the approval of the Board to fill vacancies in the Board;
- To annually review the required mix of skills and experience and other qualities and competencies which Non-Executive Directors should bring to the Board;
- To annually assess the effectiveness of the Board as a whole, the Committees of the Board and contributions of each individual Director of the Board;
- To identify and recommend Directors who are to be put forward for retirement by rotation;
- To consider gender diversity generally when making appointments to the Board;
- To review and determine, at least once annually, adjustments to the remuneration package including benefits-in-kind of each Executive Director, taking into account the performance of the individual, the inflation price index and where necessary, information from independent sources on remuneration packages for the equivalent jobs in the industry;
- To review and determine the quantum of performance related bonuses, benefits-in-kind and Employee Share Options, if available, to be given to the Executive Directors;
- To consider and execute the renewal of the service contract of Executive Directors as and when due, as well as the service contracts and remuneration packages for newly appointed Executive Directors prior to their appointments; and
- To set the policy framework and recommend to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully including reviewing and recommending matters relating to the remuneration of Board and Group MD/Chief Executive Officer.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

NRC (cont'd)

During the FY2022, the NRC, in discharging its functions and duties, carried out the following activities:-

- i) Reviewed and confirmed the Minutes of the NRC meetings;
- ii) Reviewed and proposed appointment of Ho Khin Choy as Director of Straits CommNet Solutions Sdn Bhd, subsidiary of the Company;
- iii) Review the NRC statement for inclusion in the Annual Report 2021;
- iv) Reviewed the promotion of Hoh Chee Mun to Group Chief Financial Officer cum General Manager of the Company;
- v) Reviewed and recommended the adoption of the Directors' Fit and Proper Policy for the Group;
- vi) Assessed and recommended the appointment of Dato' Yoong Leong Yan as Executive Director of the Company;
- vii) Assessed and recommended the appointment of Datin Ng Fong Shiang as Independent Non-Executive Director and member of AC of the Company;
- viii) Reviewed and recommended the re-election of Directors who were due for retirement at the 25th Annual General Meeting ("AGM") by rotation in accordance with the Constitution of the Company;
- ix) Reviewed and recommended Directors' fees and benefits payable to Non-Executive Directors and Executive Directors to the Board;
- x) Reviewed and assessed the independence of Independent Non-Executive Directors;
- xi) Reviewed the terms of office and performance of the AC and each of its members;
- xii) Reviewed and assessed the structure, size, balance and composition of the Board;
- xiii) Reviewed effectiveness of the Board as a whole and the Board Committees and contribution of each individual Director of the Board;
- xiv) Assessed the training needs of Directors and identify suitable training programmes for Directors; and
- xv) Reviewed and recommended the appointment of Datin Ng Fong Shiang as member of BRCC.

Retirement and Re-election of Directors

The retirement and re-election of Directors is made in accordance with the Company's Constitution where one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

The NRC has reviewed and assessed the performance and contribution of the Directors who will be retiring at the forthcoming AGM and nominated them for re-election and thereafter recommended to the Board the resolutions for their re-election be tabled at the forthcoming AGM. To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of the Directors standing for re-election is disclosed in the Annual Report.

The NRC has conducted the assessment based on the following criteria for the retiring Directors:-

- | | |
|------------------|---------------------|
| i) Mix of skills | iv) Character |
| ii) Experience | vi) Time commitment |
| iii) Competence | vii) Integrity |

For the forthcoming AGM, the following Directors will be retiring and being eligible, offer themselves for re-election:

- 1) Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah who is due to retire pursuant to Clause 21.6 of the Constitution of the Company.
- 2) Dato' Sri Ho Kam Choy who is due to retire pursuant to Clause 21.6 of the Constitution of the Company.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Retirement and Re-election of Directors (cont'd)

- 3) Leong Fook Heng who is due to retire pursuant to Clause 21.6 of the Constitution of the Company.
- 4) Dato' Yoong Leong Yan who is due to retire pursuant to Clause 21.10 of the Constitution of the Company.
- 5) Datin Ng Fong Shiang who is due to retire pursuant to Clause 21.10 of the Constitution of the Company.
- 6) Leong Kok Chaw who is due to retire pursuant to Clause 21.10 of the Constitution of the Company.

Annual Assessment/Evaluation

In applying Practice 6.1 of the MCCG, the Board has delegated to the NRC to conduct annual Board evaluation to review the skills and experience of each individual Director and assess the effectiveness of the Board as a whole and Board Committees.

The Board evaluation comprises Board and Board Committees' assessments, assessment of independence of Independent Directors and the contribution of each individual Director. The evaluations involve individual Directors and Board Committees members completing a set of evaluation questionnaires regarding the processes of the Board and its Board Committees, their effectiveness and where improvements could be considered by the Company.

The criteria for assessing the independence of an Independent Director include the relationship between the respective Independent Director and the Group, and his involvement in any significant transaction with the Group.

The Board members also undertook a self-assessment in which they assessed their own performance.

The assessment was carried out internally by the NRC and the Board which was facilitated by the Company Secretaries.

All assessments and evaluations carried out by the NRC were properly documented.

Based on the results of the annual assessment for FY2022, the NRC has made the following observations:

- i) The current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with necessary knowledge, experience and qualifications to enable the Board to discharge its responsibility effectively;
- ii) The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records;
- iii) The independence of the Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company were not influenced by the interest of the other Directors or substantial shareholders;
- iv) In the self-evaluation, Directors have responded that they strongly view themselves to fit in well with the other Board members and are able to add to the Board's strength, abilities, experience and judgement. They also rated themselves high in the ability of preparedness for the meetings and discussion matters; and
- v) Overall, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately.

The Board assessed the effectiveness of the NRC in its function to ensure that there is an effective procedure for identifying, nominating and appointing calibre new Board members.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 2 : BOARD COMPOSITION (cont'd)

Annual Assessment/Evaluation (cont'd)

The NRC has conducted a review of the training needs of the Directors for financial year ending 31 December 2023 ("FY2023"). Upon review, the NRC encouraged the Directors to attend suitable training programme every year, whereby it should be in relation to the corporate governance, sustainability, or any other applicable topics which would aid in their discharge of fiduciary/ statutory duties as Directors.

PART 3 : REMUNERATION

The NRC has been delegated the responsibility to review and recommend to the Board the remuneration package.

The NRC shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The NRC is entrusted under its TOR to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberation and voting on decision in respect of his remuneration package.

As for Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

During the financial year under review, the NRC undertook a review of the remuneration package of the Group MD and Executive Directors.

Details of the Directors' remuneration for the FY2022 are set out as below:

COMPANY LEVEL

Non-Executive Directors

No.	Name	Fees RM	Allowance RM	Total RM
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	54,000	5,200	59,200
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	48,000	24,200	72,200
3.	Leong Fook Heng	48,000	25,800	73,800
4.	Ho Fook Meng (Resigned on 27/7/2022)	28,000	16,800	44,800
5.	Harison Binti Yusoff	48,000	6,200	54,200
6.	Datin Ng Fong Shiang (Appointed on 17/8/2022)	17,935	6,000	23,935
Total		243,935	84,200	328,135

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 3 : REMUNERATION (cont'd)

COMPANY LEVEL (cont'd)

Group MD and Executive Directors

No.	Name	Salaries RM	Bonus RM	Other Emoluments RM	Total RM
1.	Dato' Sri Ho Kam Choy <i>Group MD</i>	180,000	15,000	23,862	218,862
2.	Captain Tony Tan Han (Chen Han) <i>Executive Director</i>	-	-	-	-
3.	Dato' Yoong Leong Yan <i>Executive Director</i> <i>(Appointed on 1/8/2022)</i>	-	-	-	-
Total		180,000	15,000	23,862	218,862

GROUP LEVEL

Non-Executive Directors

No.	Name	Fees RM	Allowance RM	Benefit In Kind RM	Total RM
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	294,000	5,200	7,008	306,208
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	288,000	24,200	7,200	319,400
3.	Leong Fook Heng	48,000	25,800	-	73,800
4.	Ho Fook Meng <i>(Resigned on 27/7/2022)</i>	28,000	16,800	-	44,800
5.	Harison Binti Yusoff	48,000	6,200	-	54,200
6.	Datin Ng Fong Shiang <i>(Appointed on 17/8/2022)</i>	17,935	6,000	-	23,935
Total		723,935	84,200	14,208	822,343

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

PART 3 : REMUNERATION (cont'd)

GROUP LEVEL (cont'd)

Group MD and Executive Directors

No.	Name	Salaries RM	Bonus RM	Fee RM	Other Emoluments RM	Total RM
1.	Dato' Sri Ho Kam Choy <i>Group MD</i>	750,000	92,500	36,000	110,604	989,104
2.	Captain Tony Tan Han (Chen Han) <i>Executive Director</i>	534,390	-	-	105,505	639,895
3.	Dato' Yoong Leong Yan <i>Executive Director</i> <i>(Appointed on 1/8/2022)</i>	100,000	8,333	-	5,631	113,964
4.	Ho Hung Ming <i>(Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)</i>	228,000	35,000	-	34,842	297,842
Total		1,612,390	135,833	36,000	256,582	2,040,805

The Board has not applied Practice 8.2 on the disclosure on named basis of the top five (5) Key Senior Management's remuneration due to confidentiality reasons and such disclosures may be prejudicial to the Company's business interests given that poaching of qualified Senior Management is common.

As an alternative, the Board is of the view that the disclosure of the remuneration paid to the top five (5) Key Senior Management (Group Basis) for the FY2022 on unnamed basis in the bands of RM50,000 is adequate.

Range of Remuneration Per Annum (RM)	Key Senior Management (Group Basis)
100,001 - 150,000	1
150,001 - 200,000	1
200,001 - 250,000	-
250,001 - 300,000	-
300,001 - 350,000	-
350,001 - 400,000	-
More than 400,000	3

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE B : EFFECTIVE AUDIT & RISK MANAGEMENT

PART 1 : AC

Separation of the Positions of the Chair of the AC and the Board

The AC is chaired by an Independent Non-Executive Director, Leong Fook Heng, who is not the Chairman of the Board.

No Appointment of Former Key Audit Partners as Member of the AC

None of the AC members was a former key audit partner of the Company's auditors. In line with the MCCG, the Company has adopted an External Auditors Assessment Policy which stated that a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Financial Literacy of AC Member

The AC comprises three (3) members, majority of whom are Independent Non-Executive Directors.

The AC has conducted self and peer evaluation to assess the performance and skill sets of the individual AC members and their peers. The evaluation results were compiled by the Company Secretaries and tabled for the NRC's review. Based on the results of the assessments, collectively, the members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process.

Updates on developments in accounting and governance standards are presented by the External Auditors at the AC meetings.

External Auditors

The AC has conducted an annual assessment on the suitability, objectivity and independence of External Auditors, Messrs. Moore Stephens Associates PLT ("**Moore Stephens**") for the FY2022 in accordance with the External Auditors Assessment Policy adopted by the Company before considering and recommending their re-appointment at the next AGM of the Company. The AC is guided by the criteria as prescribed under the said Policy.

The assessment is conducted on a yearly basis by the AC, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The AC was generally satisfied with the independence, performance and suitability of Moore Stephens based on the assessment conducted and has recommended to the Board and shareholders for approval of the re-appointment of Moore Stephens as External Auditors for the FY2023 at the forthcoming AGM.

The AC noted that for the FY2022, Moore Stephens has confirmed in writing that the members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

The AC also met with the External Auditors without the presence of the Management and Executive Directors two (2) times during the financial year under review to discuss on any matters that the External Auditors wished to bring up to the attention of the AC.

The duties and responsibilities of the AC which are guided by its TOR, is available at the Company's corporate website at <https://www.straits-energyresources.com>.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE B : EFFECTIVE AUDIT & RISK MANAGEMENT (cont'd)

PART 1 : AC (cont'd)

External Auditors (cont'd)

Summary of activities of the AC for the FY2022 is set out in the AC Report on pages 36 to 41 of this Annual Report.

PART 2 : RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines to achieve corporate objectives.

The Board delegates to the BRCC and AC the task to identify, assess and manage the risks faced by the Group, and ensure effective implementation of appropriate internal controls and risk management controls to mitigate and address those risks.

The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Board has adopted a Framework for Enterprise Risk Management ("**ERM Framework**") to provide a comprehensive approach to identify and manage risk which could be prevented, to effectively achieve its business goals and strategies.

The Board is assisted by the BRCC which will overview the responsibilities of Risk Management Committee ("**RMCC**"), appointed from the Company's Management.

The Internal Audit Function of the Group is outsourced to an independent professional service provider. In November 2022, the Board had on the recommendation of the AC, approved the appointment of Resolve IR Sdn Bhd as the new outsourced Internal Auditors in place of Tricor Axcelasia Sdn Bhd ("**Axcelasia**") to conduct Internal Audit for the Group for the FY2023.

To ensure independence, the outsourced Internal Auditors reports their findings and recommendations together with Management's responses to the AC. The AC reviews the Internal Audit Reports, by inquiring with Management, will then inform the Board on the adequacy and effectiveness of the Group's system of internal control, risk management processes and compliance framework.

The key activities covered by Axcelasia during the year under review is provided in the SORMIC as set out on page 64 of this Annual Report.

The Statement on Risk Management and Internal Control sets out on pages 61 to 65 of this Annual Report provides details of the internal audit function together with the Group's state of risk management and internal control systems.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

PART 1 : ENGAGEMENT WITH STAKEHOLDERS

Corporate Disclosures/ Investor Relations

The Company is committed to ensure that all information such as corporate announcements, circulars to shareholders, annual report and financial results is disseminated to the general public in a timely and accurate manner.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (cont'd)

PART 1 : ENGAGEMENT WITH STAKEHOLDERS (cont'd)

Corporate Disclosures/ Investor Relations (cont'd)

The Company releases all announcements, material and price sensitive information in a timely manner to Bursa Securities as required under the ACE LR of Bursa Securities as well as releases the Company's updates to the market and community through the Company's website, media releases and other appropriate channels. The Group MD is authorised and is responsible for approving the release of all major communications to the regulators, shareholders and stakeholders.

The AGM and Extraordinary General Meeting ("**EGM**") provides platforms for the Company to share the performance of the Group and provide opportunity to shareholders for their view and raised their questions.

The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

PART 2 : CONDUCT OF GENERAL MEETINGS

The Company recognises the importance of transparent and effective communications with shareholders and views the general meetings of shareholders, particularly its AGM, as a principal forum for direct two ways interaction between the shareholders, the Board and the Management team.

The Company conducted its last AGM and EGM virtually during FY2022 in accordance with the Guidance Note issued by the Securities Commission and the Constitution of the Company which allows general meetings to be held virtually using technology or electronic means.

The Board notes the recommendation of MCCG that Notice for AGM should be given to the shareholders at least twenty-eight (28) days prior to the meeting, which is earlier than the minimum notice periods stipulated in the Company's Constitution and the Companies Act 2016 of twenty-one (21) days' notice.

The forthcoming AGM of the Company will be conducted on a virtual basis through live streaming. Notice for the upcoming AGM in year 2023 is to be provided at least 28 days in advance for the shareholders to make necessary arrangements to attend the AGM and exercise their rights.

Our 25th AGM held on 23 June 2022 and EGMs held on 19 January 2022 and 27 March 2023 were conducted virtually through live streaming via Remote Participation and Voting ("**RPV**") facilities and afforded an opportunity to the shareholders, particularly individuals not residing in the Klang Valley, to participate and vote at our AGM and EGMs (including submitting questions directly to our Board both prior to and during the AGM and EGMs).

Board of Directors were present at the virtual 25th AGM and EGMs of the Company to engage directly with the shareholders and be accountable for their stewardship of the Company. The proceedings of the AGM and EGMs included the question and answer session in which the Chairman of the AGM and EGMs has virtually invited shareholders to raise questions on the Company's financial statements and other agenda at the AGM and EGMs, before putting resolutions to vote.

The Chairman ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company and that adequate responses were given. The Chairman of the Board Committees were also readily available to address the questions posted by the shareholders at the general meetings.

The results of the votes were scrutinised by an independent scrutineer and announced by the Company to Bursa Securities on the same day of the general meetings.

This statement was made in accordance with a resolution of the Board of Directors dated 18 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in relation to the Audited Financial Statements

The Directors are required by the Companies Act 2016 ("**the Act**") to prepare financial statements in accordance with the applicable approved accounting standards set out by Malaysian Accounting Standards Board, and the provisions of the Act and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year ended 31 December 2022 ("**FY2022**").

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2022, the Group and the Company have adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also considered that the relevant applicable approved accounting standards have been followed in the preparation of the financial statements. The financial statements of the Group and of the Company have been prepared on an going concern basis.

The Board has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention, detection and fraud and other irregularities.

The statement is made in accordance with a resolution of the Board of Directors dated 18 April 2023.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**the Group**") is committed to continuously improving the Group's risk management & internal control system and is pleased to present the following Statement on Risk Management & Internal Control ("**SORMIC**") for the financial year ended 31 December 2022 ("**FY2022**").

This SORMIC is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance.

This SORMIC outlines nature and scope of risk management and internal control of the Group during the FY2022 and covers all of the Group's operations.

THE BOARD'S RESPONSIBILITY

The Board recognises the importance of maintaining an effective risk management practice and a sound system of internal control of the Group as a whole. The Board also affirms its responsibility of reviewing the adequacy and integrity of these systems, so as to safeguard shareholders' investments and the Group's assets.

However, it should be noted that any system of internal control and risk management is designed to manage rather than to eliminate the risk of failure to achieve the Group's strategic business and operational objectives within the risk appetite established by the Board and Management. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board delegates the duty of identification, assessment and management of key business risks and opportunities to the Risk Management Committee ("**RMC**"), while the Board Risk & Compliance Committee ("**BRCC**") and Audit Committee ("**AC**"), through their respective Terms of Reference ("**TOR**") approved by the Board, are delegated with the duties to review the adequacy and effectiveness of risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system.

Through both the BRCC and AC, the Board is kept informed on all significant risks and control issues brought to attention by the RMC, the outsourced Internal Auditors and the External Auditors, and the Board is provided with reasonable assurance that any impact arising from foreseeable future events or situations is properly managed and/or mitigated.

The BRCC's authority and duties are governed by its TOR, which is available on the Company's corporate website at <https://www.straits-energyresources.com>.

The members of the BRCC comprise a majority of Independent Non-Executive Directors as follows:

No.	Name of Directors	Designation
1.	Tan Sri Mohd Bakri Bin Mohd Zinin <i>Non-Independent Non-Executive Director</i>	Chairman
2.	Leong Fook Heng <i>Independent Non-Executive Director</i>	Member
3.	*Datin Ng Fong Shiang <i>Independent Non-Executive Director</i>	Member

Note:

* Datin Ng Fong Shiang was appointed as member of BRCC on 20 September 2022 in place of Ho Fook Meng who had relinquished his position as member of BRCC on 27 July 2022 pursuant to his resignation as Independent Non-Executive Director of the Company.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

THE BOARD'S RESPONSIBILITY (cont'd)

There were eleven (11) BRCC meetings held during the FY2022 to discuss key risks and the relevant mitigating controls.

NATURE AND SCOPE OF RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control approach has always been holistic and process-embedded, covering all aspects of the business and functional risk controls. These integrated controls are designed to mitigate both the internal and external risks which can be inherent or controllable in nature in order to optimise the Group's ability to achieve its corporate objectives.

The Group's risk management process has been formalised via its enterprise-wide Framework for Enterprise Risk Management ("**ERM Framework**"), which in the Board's opinion, provides an adequate and satisfactory mechanism for an on-going process of identification, evaluation, managing and monitoring of high and significant risks.

In that regard, the Board acknowledges that the nature and scope of risk management and internal control of the Group is satisfactory and adequate in addressing its current principal risks.

RISK MANAGEMENT

The Board believes that the function of a sound system of internal control and risk management policies, are built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- Effective and efficient risk management processes contribute to good corporate governance and are integral to the achievement of business objectives;
- Risk management is embedded into day-to-day management processes and is extensively applied in decision making and strategic planning;
- Risk management processes take advantage of opportunities, manage uncertainties, and minimise threats; and
- Regular reporting and monitoring promote a sense of accountability and responsibility in managing risks and crisis.

In reviewing the adequacy and effectiveness of the risk management and internal control system, the Board has always ensured that there are appropriate delegation of duties and responsibilities from the Board to the Group Managing Director, Executive Directors and Key Senior Management in carrying out the main operating functions of the Group in line with its business plans and annual budgets.

The Board has formalised the ERM Framework that encompasses relevant guidelines to streamline the Group's risk management imperative in a structured and comprehensive manner to safeguard shareholders' investment and the Group's assets. This ERM Framework accords largely with the ISO31000:2018 which set out the key principles, framework and process on risk management.

Risk management is embodied in the Group's key business processes through the ERM Framework, which sets out, amongst others, an easy-to-understand step-by-step approach to identify and evaluate risks faced by business units and, by extension, the Group.

The Board, through its BRCC, reviews the outcome of this process, including mitigating measures implemented by Management to address the key risks as identified. In 2020, the ERM policy was reviewed and changed from current key risk areas to sources of risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM

Authority and Responsibility

i) Organisation Structure

The Group has a comprehensive organisational structure which organises business operations. Clear lines of reporting, authority and segregation of duties are well documented in the organisation chart. The structure promotes ownership and accountability and delegated authority for planning, executing, controlling and monitoring of business operations. This structure is subject to periodic review to incorporate any emerging business needs.

ii) Clear Description of Roles and Responsibilities

Each role in the organisation structure is supported by clear job description established, which are linked to the vision, mission and business strategies of the Group.

iii) Delegation Authority Limit ("DAL")

The Group DAL is subject to regular review and update to promote organisational efficiency and ensure it is aligned with the Board's risk appetite.

Policies and Procedures

Policies and procedures are established to ensure consistency in complying with related Group's operations requirement.

New and revised policies and/or procedures are formulated to cater to business needs or risks arising and to support implementation of proper governance of the Group.

Monitoring

i) Financial and Operational Review

The Group presents its financial results to the AC for review in each quarter before it is tabled to the Board for approval and subsequent announcement to Bursa Securities. The quarterly review enables the AC to assess and deliberate the Group's financial results, operational performance and variances against budget to enable them to monitor and contribute towards improving the performance of the Group.

ii) Budgetary Review

The Group performs an annual budgeting and forecasting exercise, including the development of business plan and performance targets for the Group.

Succession Planning and Human Resource

It is the Board's commitment that the Group identifies and satisfies the needs of employees to continuously develop their knowledge, skills and competency for personal development and corporate excellence.

Succession planning controls and monitoring are in place to ensure key roles within the Group are supported by competent and proficient second-in-line to reduce the impact of any abrupt departure of key personnel to the minimum possible.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM (cont'd)

Succession Planning and Human Resource (cont'd)

The Employee Handbook, Letter of Appointment and Code of Conduct set out the general employment terms and conditions, standards of conduct and professional behavior in workplace. They are designed to provide guidelines to employees with the objective of ensuring all employees understand issues and matters during the tenure of their employment. Together with employees' job description, these guidelines clearly defined the Group's values and policies, Group's expectation of employees and employees' expectations towards the Group.

Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development and form the basis of the incentives and promotion.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, Messrs. Tricor Axcelasia Sdn Bhd ("**Axcelasia**"), which, through the AC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control.

To uphold the professional firm's independence and objectivity, Axcelasia reports directly to the AC.

The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("**IPPF**"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.

During the financial year under review, Axcelasia has undertaken the following:-

- i) Internal Control Review on RRPT
 - Identification of a Related Party; and
 - Assessment of Arm's length justification.
- ii) Internal Audit on the system of internal controls of operations of Megah Port Management Sdn Bhd
 - a) Enhancement to Port Operation Monitoring and Facility Management;
 - b) Enhancement of Storage/Warehouse Management;
 - c) Enhancement to Emergency Response Plan's Standard Operating Procedures;
 - d) Enhancements to Hazard Identification, Risk Assessment and Risk Control Management Monitoring on Compliance of Safety Requirement;
 - e) Enhancements to Sales Function;
 - f) Enhancements to Cash Management; and
 - g) Formalisation of SOP and limits of Authority, Manpower Analysis and Performance Appraisal.

The internal audit plan and a summary of the findings of Axcelasia were shared with the AC of the Company for information and comments.

In November 2022, Resolve IR Sdn Bhd was appointed as the new outsourced Internal Auditor in place of Axcelasia to carry out the internal audit function of the Group for financial year ending 31 December 2023.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

EXTERNAL AUDITORS

The External Auditors, in the course of their statutory audit of the Group's financial statements, reviewed the Group's system of internal control to the extent of their planned reliance as laid out in their audit planning memorandum.

Any significant deficiencies in internal controls identified during the audit, together with the improvement measures to strengthen internal controls, were reported in writing to the AC by the External Auditors.

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the AC reviewed the observations raised by the Internal and External Auditors, as well as actions taken by Management to address the areas of concern for the FY2022.

ASSURANCE BY THE GROUP MANAGING DIRECTOR ("GROUP MD") AND GROUP CHIEF FINANCIAL OFFICER CUM GENERAL MANAGER ("GROUP CFO") ON THE ADEQUACY AND OPERATING EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance in writing from the Group MD and Group CFO stating that the Group's risk management and internal control system operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of this SORMIC.

OPINION AND CONCLUSION

Based on the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, coupled with the assurance provided by the Management, the Board is of the opinion that the risk management and internal control systems of the Group are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's strategies and business objectives and will continue to evaluate and manage the significant business risks faced by the Group in order to achieve its mission, vision, core values, strategies and business objectives in the current and challenging business environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of ACE LR of Bursa Securities, the External Auditors have reviewed this SORMIC for inclusion in the Company's Annual Report for the FY2022. The External Auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that caused them to believe that this SORMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues to be set out, nor is the Statement factually inaccurate.

This SORMIC was approved by the Board on 18 April 2023.

SUSTAINABILITY STATEMENT

We are pleased to present the Sustainability Statement of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**Straits Group**" or "**the Group**"). The content provides the information, initiatives and performance overview of our Environment, Social and Governance ("**ESG**") values within the Group during the financial year ended 31 December 2022 ("**FY2022**").

Given sustainability's growing importance worldwide and in Malaysia, Straits Group remains committed towards bolstering non-financial values creation. The Covid-19 pandemic has shown us that responsible management of ESG issues is needed to fundamentally drive a business' operational sustainability, given that sustainability is the most vital aspect in sustaining long-term and continual values that benefit all stakeholders.

ESG has become more than just the right thing to do – it is now a prerequisite for doing business together.

PERIOD AND SCOPE OF REPORTING

The reporting period aligns with our financial year, from 1 January 2022 until 31 December 2022, and focuses on the main business activities of the Group.

The businesses of Straits Group are associated to the oil & gas industry, maritime industry, logistics industry and telecommunication and network services.

GOVERNANCE STRUCTURE

Our Sustainability Management Committee ("**SMC**") comprises key management personnel with reporting directly to the Group Managing Director ("**Group MD**") in providing leadership and direction for the implementation of sustainability initiatives and reporting throughout the Group.

SMC is responsible for the development of management action plans towards achieving the Group's goal of being a sustainable organisation and drives various initiatives to identify and improve pertinent economic, environmental and social matters and also other areas of concerns with the ultimate aim of achieving the goals of the Group.

The Group's ESG project selection criteria are as below:-

1. Environmental

- Selected project must contribute positively towards better environment conditions, improving flora & fauna habitat as well as to improve the local community living conditions.

2. Social and sustainability

- Selected project enables public-private partnership together with the community involvement.
- Selected project also should be able to sustainably be self-funded in mid to long term to avoid constant request for fund.

3. Governance

- Selected project will be monitored and followed up with good governance to avoid resource wastage and to ultimately delivers environmental benefits as planned. External certification might be a good gauge of governance and overall project execution progress.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS

1. Environmental Sustainability

Environment Towards Decarbonisation

We protect the environment and ecosystems we all depend on by taking action on climate change, preventing marine pollution and using resources responsibly.

As world trade and shipping volumes continue to grow, efficiency improvements on the current fossil-based technology can only maintain shipping emissions at current levels but not reduce them. Accelerating these efforts helps us move to new zero-carbon fuels and encourage supply chains to equally lower their carbon emissions.

In addition to providing our clients with solutions for decarbonisation and lower climate impacts, we are committed to working on reducing the direct impact of our own Greenhouse gases ("**GHG**") emissions.

In 2018, the International Maritime Organisation ("**IMO**") established its ambition to reduce GHG emissions from international shipping in its initial GHG strategy as follows:-

IMO - 2030

- Reduce international shipping's Carbon Dioxide ("**CO₂**") intensity by 40% compared with 2008

IMO – 2050

- Reduce international shipping's CO₂ intensity by at least 70% compared with 2008

IMO – 2050

- Reduce total GHG emissions by 50% compared with 2008

We acknowledge the influence of climate change and the negative impacts it causes towards people, society, and the planet. We are strongly committed to reducing our GHG emissions to ensure a sustainable world for the future.

For emissions stemming from our physical operations, we are committed to IMO's target of reducing GHG emissions by 50% by 2050 compared to 2008. To achieve this target, we will use financial year ending 31 December 2023 ("**FY2023**") to set a baseline for our reduction targets and develop a set of actions to reduce our emissions starting third quarter of FY2023.

Carbon Credits

The Group has chosen "Wetland Conservation" project as part of achieving sustainability goals in the near term while also supporting innovation through the funding of projects designed to address long-term carbon reduction needs.

As it is a blue carbon project, the carbon will be stocked in the soils for hundreds or thousands of years.

The purpose of this project is to reduce GHG emissions through the execution of activities to sustainably manage the wetland, promote sustainable development, strengthen local governance, and implement alternative livelihoods while contributing to the protection of the community and biodiversity conservation.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

1. Environmental Sustainability (cont'd)

Carbon Credits (cont'd)

The project will also create new employment opportunities (to restore, guard and manage the wetland's habitats) and alternative livelihoods such as beekeeping, ecotourism, and orchards production. The wetland conservation program also delivers exceptional biodiversity benefits, fauna and flora conservation and ecosystem services, e.g. climate regulation, erosion reduction, water quality, and pollution control.

It will also serve as long term financially self-sustainable project with carbon credit certification in three to five years time.

Oil Spill and Prevention

We monitor and manage our operations through processes and procedures designed to avoid and minimise the effects and impacts of oil spill on the environment. Oil spills can among others, harm marine life and render seafood unsafe for food consumption, harm birds & animals and ruin beaches and coastal environment.

Consistent with our Health, Safety and Environment Principles, as well as our policies and processes, we have equipment and procedures designed to prevent and contain any oil spill and we seek to ensure that all vessels and vehicles involved in transporting fuels meet our stringent safety standards.

Waste Management

Waste is managed according to the Group's stringent process and procedures which comply with Department of Environment's ("DOE") regulatory standards as well as industry best practices. Solid waste is segregated based on usable and disposable materials. Solid and chemical wastes are transported and disposed of via licensed local contractors without any incidents of spillage.

2. Health And Safety, Our Utmost Priority

Safety is our top priority in everything we do. We want to ensure that our people and the people we work with return home safely every day.

The Group takes pride in providing a safe and healthy working environment for our employees, as well as our customers, suppliers and contractors. We believe that a safe and healthy working environment will contribute significantly towards a more productive workforce.

With health and safety measures and policies in place, the Group aims to instill a sense of confidence in the work environment. The Managements trains its employees to be confident in carrying out their tasks and responsibilities.

We have a number of health and safety policies and guidelines in place meeting best practices in the bunker industry, which our employees are trained to comply with.

The Company strictly complies with the relevant legislation and are proud to note that we are certified to the ISO 45001:2018 Occupational Health and Safety Management System, ISO 9001:2015 Quality Management Systems ("QMS") having met the requirements and undergo surveillance audits by regulatory agencies and certification body i.e. SOCOTEC Certification International.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

2. Health And Safety, Our Utmost Priority (cont'd)

The Group also strictly abides with the statutory rules and requirements relating to Health, Safety and Environment protection which include those under IMO and International Safety Management ("ISM") Code and Health, Safety & Environment Management System ("HSEMS").

The Group via its subsidiary, Straits Marine Services Pte Ltd has attained "The bizSAFE Level Star" certification and bizSAFE STAR is the highest level of accreditation in the bizSAFE journey and it signifies the organisation's achievement of Workplace Safety & Health ("WSH") and Risk Management Excellence.

To keep our employees and partners safe from severe and fatal injury, we frequently review and strengthen all our risk assessments and ensure critical safeguards are in place and meets the global safety and security standards.

We continue to build work environments that have the capacity to fail safely. This means that even if accidents or incidents occur, our safety culture, processes and mitigating actions are robust enough to ensure that no significant harm occurs.

To support this, we have set targets on leading indicators for safety capacity. Reaching these targets requires us to invest and commit resources to building leadership capabilities and improving our safety culture.

A workplace with an efficient safety training programme can improve productivity and morale. As an employer, our responsibility is to provide our employees with knowledge and skills to perform their work in a way that is safe for them. We acknowledge the needs for different safety training requirements for different job scope and operations, hence all of our operating units have a comprehensive safety training regime for their front liners.

As our business partners are equally an important component to our health and safety footprint, we ensure that they are certified providers as well.

3. Human Capital

We recognise that the success of the Group depends on the quality of our employees. As the backbone and front-liners of our organisation, we place a high value on upskilling and improving the knowledge of our employees.

To achieve our objective of improving the knowledge and skills of our workforce, we have introduced several learning and development programs, such as creating a set of standard operating procedures for our existing and newly employed employees to use as guidance and developing annual training plan for identified training needs.

We are in people's business in an ever-changing environment, and our success is dependent on attracting, developing, and retaining the right talents. We believe that by providing job satisfaction, personal fulfilment, and empowerment, we provide our people with the best opportunities to grow and develop within the Group. This includes providing the right learning opportunities and training. We believe that investing in the training and development of our employees is not only beneficial for our organisation but also helps our employees to grow and advance their careers.

The principles of equal opportunity, diversity and merit are applied to all aspects of the talent management process including recruitment. There is no preference or discrimination on the grounds of ethnicity, gender, age, marital status, disabilities, political affiliations and other socio-demographic factors.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

3. Human Capital (cont'd)

All new hires are briefed on their rights as an employee as provided for in the laws of the country. This includes labour and human rights and the Group policies on good governance such as Employee Code of Ethics and Conduct and Company Policy & Procedures. New hires are also provided an induction session to enable them to acclimatise to their new work environment and organisational culture. During this period, employees are given as much support and assistance possible to adjust to their jobs and new work environment.

We focus on the performance of our employees. We track the performance of our employees through clearly defined key performance indicators and monitor their achievements and progress through regular reviews, identifying and addressing performance gaps, providing training for skills upgrading and knowledge enhancement.

We believed an employee-focused organisation fosters a culture of work commitment, which leads to increased employee productivity and job satisfaction. Caring leadership makes employees feel supported and cared for, which leads to sincerity and drive employees to work with full enthusiasm and energetic behavior. All of these elements are imperative to the Group's growth and viability.

4. Corporate Governance & Business Ethics

Established Policies for Good Governance

The Group has implemented a set of governance frameworks and policies to manage sustainability at Straits and its subsidiaries such as Board Charter, Terms of Reference ("**TOR**") of Nomination & Remuneration Committee, TOR of Audit Committee, TOR of Board Risk & Compliance Committee, Anti-Corruption Policies, Whistleblowing Policies and Code of Ethics etc.

The above TOR and policies can be viewed on the Company's website at <https://www.straits-energyresources.com>.

We want to maintain and operate clear and transparent processes and procedures while ensuring high governance and accountability of our activities. This will enable us to manage enterprise risks across our global operations.

We take pride in having a professional Board, where all Directors have been individually selected to bring a broad range of relevant mindsets, knowledge, and experiences to the table. We are greatly supportive of the importance of having a diverse Board and senior management, both as a potential source for value creation as well as for setting an example to the rest of our organization.

More detailed information about the Group's corporate governance practices during the FY2022 can be found in the Corporate Governance Overview Statement in the Annual Report 2022 and Corporate Governance Report for FY2022. The Group's commitment to promoting good corporate governance demonstrates its commitment to responsible business practices that align with its values and principles.

In FY2022, we achieved zero incidence of corruption, customer data breaches and regulatory non-compliance.

Anti-Corruption Policy

The Group continues to adopt a no compromise approach with regard to any form of corruption or bribery in any aspects of its business operations. The hard stance taken against corruption and bribery is reflected in the Group's Anti-Corruption Policy ("**AC Policy**"). The AC Policy was developed pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and can be viewed on the Company's website at <https://www.straits-energyresources.com>.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

4. Corporate Governance & Business Ethics (cont'd)

Whistleblowing Mechanism

Since 2019, Straits has established its dedicated whistleblowing mechanism and the whistle blower's identity and report will be protected as per the Whistleblowers Protection Act 2010. The whistle blower is accorded immunity from any form of punitive action, intimidation or reprisal irrespective if the allegation is substantiated or proven to be unfounded provided that the report has been made in good faith. The whistleblower will be free of recrimination or reprisals and concerns of his/ her identity being divulged.

Reports can be made directly to the Secured Email Address at corporate@straits-energyresources.com or if in the case where reporting to management is a concern, then the report should be made to the Chairman of the Audit Committee.

We will treat all concerns on a confidential basis, and we will never retaliate or allow retaliation for concerns raised in good faith.

Responsible Supply Chain

The Group ensures that good governance, procurement and business practices are observed across the Group's supply chain. We are committed to working proactively together with suppliers to mitigate supply chain risk, optimised delivery, cost and time, and improve suppliers' businesses to grow sustainably.

The Group is committed to achieving a sustainable supply chain and we take responsibility to ensure that our business operations including our key suppliers adopt the best practice of procurement and management of supplies, insurance and other aspects of operations related to our business sustainability.

The Group understands the importance of environmental risks in our value chain and we are committed to collaborating with environmentally responsible suppliers. We also recognise the importance of sustainable sourcing and procurement and is committed to responsible supply chain management practices, and developing a strong sustainable relationship with our suppliers.

5. Customer Satisfaction

Our constant support and partner to excel in sustainability matters are our customers. Aligned with customer requirements, we have streamlined processes to improve sustainability and aspire to exceed their expectation.

We regularly engage with customers to foster mutually beneficial long-term relationships with them based on trust, integrity, and respect, because understanding their needs and challenges allows us to tailor and innovate our product and services solutions to effectively address our customers' evolving needs.

One of the primary ways of monitoring customer satisfaction involves providing them with our customer survey, which forms a key engagement channel with this important stakeholder group.

SUSTAINABILITY STATEMENT

cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

6. Community

The Group is dedicated to supporting the community, particularly those enduring greater hardships than ourselves. Where able, the Group makes both financial and non-financial contributions to support charity work, disaster relief and other welfare activities.

We encourage our employees to be involved with community activities and initiatives whenever possible.

Their participation in company-initiated Corporate Social Responsibility (“**CSR**”) activities and volunteer efforts in other community service are recognised by the Management.

STAKEHOLDERS' ENGAGEMENT

The Group acknowledges that the environment we operate in is dynamic in nature, with various stakeholders having influence over different aspects of business. Due to this, we strive to continuously maintain positive relationships with our stakeholders through various forms of engagement.

The following section highlights key engagement events according to our key stakeholder groups:-

Stakeholders	Key Focus Area	Methods of Engagement
Government Authorities and Regulators	<ul style="list-style-type: none"> Compliance with laws and regulations Certifications/awards Licensing requirements Industry best practices and updates 	<ul style="list-style-type: none"> Compliance and certification exercises Periodic site visits and audits Company representation at technical working groups Briefings and training
Shareholders & Investors	<ul style="list-style-type: none"> Profitability and growth Dividend Sustainability Company Performance 	<ul style="list-style-type: none"> General Meetings Quarterly Reports Annual Reports Periodic Announcements Electronic communication Investor briefing
Clients/ Customers, Suppliers and Industry Partners	<ul style="list-style-type: none"> Product and service quality Timely delivery of products/projects Payment terms and timeliness Product innovation 	<ul style="list-style-type: none"> Customer satisfaction survey and supplier evaluation form Customer service platforms, including phone calls and emails Face-to-face meetings Events and site visits Company policies compliance declarations Social media platform
Employees	<ul style="list-style-type: none"> Work life balance Employee remuneration and benefits Career development Training & Education Employee welfare and wellness Health and safety 	<ul style="list-style-type: none"> Regular meetings and discussions Townhall meetings Annual performance appraisal Forums, training, and workshops Employee events including festive celebrations and annual gathering Company policies compliance declarations

SUSTAINABILITY STATEMENT

cont'd

STAKEHOLDERS' ENGAGEMENT (cont'd)

Stakeholders	Key Focus Area	Methods of Engagement
Community	<ul style="list-style-type: none"> Support in local projects around the Community Socioeconomic compliance Economic & social development 	<ul style="list-style-type: none"> Community engagement CSR Programmes

CONCLUSION

We have committed our resources to take part in creating the low carbon world of tomorrow and are well on our way. We are optimistic, energised and delighted about our role in building a safer, healthier, and more sustainable future.

Throughout FY2022, we have continued to make progress, measure and report on our ESG journey. As we step into FY2023, sustainability remains at the forefront of our business agenda. We will ensure that we maintain high standards of compliance and ethics in all our business practices, while striking a balance between ESG factors in charting our business strategies as well as building the Group's resilience against current and future challenges, and contributing to the well-being of the community.

This Statement has been approved by the Board on 18 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the External Auditors by Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**Group**") for the financial year ended 31 December 2022 ("**FY2022**") are as follows:-

Services	Company RM	Group RM
Audit Fees	70,000	670,094
Non-Audit Fees	35,000	38,000

2. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company had on 18 February 2022 announced the first tranche of the private placement of a total of 91,340,000 new ordinary shares for a total cash consideration of approximately RM13.79 million ("**Private Placement**") pursuant to Rule 6.06 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**")

As at 18 April 2023, the status of utilisation of proceeds raised from the Private Placement are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe For Utilisation
Cash consideration of the acquisition of Sinar Maju Logistik Sdn Bhd	13,790	13,790	Fully utilised
TOTAL	13,790	13,790	

3. CONTRACT RELATING TO LOANS

There were no contracts relating to loans by the Company and its subsidiaries involving the interest of Directors, chief executive and major shareholders during the FY2022.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS OR CHIEF EXECUTIVE WHO IS NOT A DIRECTOR

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors, Major Shareholders or Chief Executive which were still subsisting as at the end of the financial year or which entered into since the end of the previous financial year:-

- The Conditional Share Sale Agreement ("**SSA**") dated 25 October 2021 entered into between the Company and Tan Sri Mohd Bakri Bin Mohd Zinin ("**Tan Sri Mohd Bakri**" or "**Vendor**") (Non-Independent Non-Executive Director of the Company) for the acquisition of 270,000 shares, representing 90% equity interest in Sinar Maju Logistik Sdn Bhd ("**SML**") from Tan Sri Mohd Bakri, for a purchase consideration of RM16,380,000 to be satisfied entirely via cash ("**Proposed Acquisition**"). Upon completion of the Proposed Acquisition, SML will become a 90%-owned subsidiary of the Company. For Shareholders' information, the Proposed Acquisition was completed on 1 April 2022.

Pursuant to the SSA, the Vendor granted to Straits the Call Option ("**Proposed Call Option**") for Straits to acquire all the Call Options Shares in a single transaction, representing the remaining 10% equity interest in SML, for a purchase consideration of RM1,820,000 to be satisfied entirely via cash by serving the Call Option Notice to the Vendor. For Shareholders' information, the Call Option may be exercised at any time during a period of 30 months commencing from the completion of the Proposed Acquisition. Upon the exercise and completion of the Proposed Call Option, SML will become a wholly-owned subsidiary of Straits.

5. RECURRENT RELATED-PARTY TRANSACTIONS ("RRPTs")

The Company had obtained mandates (new and renewal) from its shareholders in respect of RRPTs at its 25th Annual General Meeting held on 23 June 2022 ("**Shareholders' Mandates**").

In accordance with Guidance Note 8 of ACE Market Listing Requirements of Bursa Securities, the details of the RRPTs conducted during the FY2022 pursuant to Shareholders' Mandates are disclosed as follows:

Service provider	Service recipient	Nature of transactions	Actual value transacted during the FY2022 (RM)
Straits	SML	Provision of management services	123,000
Sinar Maju	Tumpuan Megah Development (" TMD ")	Provision of shipping agency services	2,073,752
Straits Marine Services Sdn Bhd (" SMS ")	TMD	Provision of ship & marine management services	2,666,941
SMS	TMD Subsidiaries	Provision of ship & marine management services	2,109
SMS	Straits Marine Fuels & Energy Sdn Bhd (" SMF ") Subsidiaries	Provision of ship & marine management services	56,803

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. RRPTs (cont'd)

Service provider	Service recipient	Nature of transactions	Actual value transacted during the FY2022 (RM)
SMS	Victoria STS (Labuan) Sdn Bhd (" Victoria ") Subsidiaries	Provision of ship & marine management services	45,927
SMS	Victoria	Provision of ship & marine management services and shipping services	423,601
Black Hummer Security Sdn Bhd	TMD	Provision of security services	39,767
Sinar Maju Marin Sdn Bhd	TMD	Provision of launch boat services	96,090

Notes:

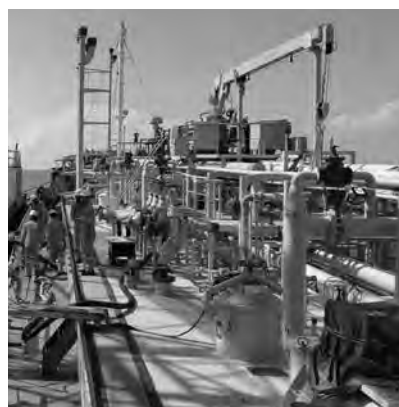
- (i) TMD Subsidiaries: Cavalla Asia Ltd, Dolphin Asia Ltd, Escolar Asia Ltd, Phoenix Asia Ltd, Oscar Asia Ltd and S3 Asia Ltd
- (ii) SMF Subsidiaries: SMF Begonia Ltd, SMF Ixora Ltd, SMF Omura Ltd, SMF Eden Maritime Ltd, Sierra Pioneer Marine Ltd, Katsu Pioneer Marine Ltd and SMF Beluga Ltd
- (iii) Victoria Subsidiaries: Victoria 1 Limited and Victoria 2 Limited

6. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company did not issue any ESOS during the FY2022.

7. LIST OF PROPERTIES

The list of properties of the Company and its subsidiaries are disclosed on page 208 of this Annual Report.



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the year, net of tax	6,948,285	(5,096,685)
Attributable to:		
Owners of the Company	6,158,229	(5,096,685)
Non-controlling interests	790,056	-
	6,948,285	(5,096,685)

DIVIDENDS

On 22 April 2022, as proposed and disclosed in the last year's report, the Directors declared a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021 amounting to RM1,764,377 which was paid on 18 July 2022.

The Directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS' REPORT

cont'd

ISSUANCE OF SHARES AND DEBENTURES

The issued and paid-up share capital of the Company during the financial year and as at the report date are tabled as follows:

No.	Date of Allotment	Description	Issued and Paid-up Share Capital b/f (RM)	Share issued (Unit)	Price/ Share (RM)	Issued and Paid-up Share Capital c/f (RM)
1	7 February 2022	Warrant Conversion	124,895,843	59,000	0.115	124,902,628
2	17 February 2022	Private Placement	124,902,628	91,340,000	0.151	138,694,968
3	16 March 2022	Warrant Conversion	138,694,968	10,000,000	0.115	139,844,968
4	27 June 2022	Warrant Conversion	139,844,968	1,000,000	0.115	139,959,968
5	1 July 2022	Warrant Conversion	139,959,968	1,000,000	0.115	140,074,968
6	6 July 2022	Warrant Conversion	140,074,968	13,020,000	0.115	141,572,268
7	8 July 2022	Warrant Conversion	141,572,268	5,600,000	0.115	142,216,268
8	19 July 2022	Warrant Conversion	142,216,268	905,300	0.115	142,320,378
9	20 July 2022	Warrant Conversion	142,320,378	7,244,600	0.115	143,153,507
10	28 July 2022	Warrant Conversion	143,153,507	91,100	0.115	143,163,983
11	2 August 2022	Warrant Conversion	143,163,983	308,000	0.115	143,199,403
12	4 August 2022	Warrant Conversion	143,199,403	13,801,200	0.115	144,786,541
13	9 August 2022	Warrant Conversion	144,786,541	1,600,000	0.115	144,970,541
14	12 August 2022	Warrant Conversion	144,970,541	12,422,200	0.115	146,399,094
15	16 August 2022	Warrant Conversion	146,399,094	2,767,000	0.115	146,717,299
16	18 August 2022	Warrant Conversion	146,717,299	194,500	0.115	146,739,666
			<u>161,352,900</u>			

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing issued ordinary shares of the Company.

There were no debentures issued during the financial year.

WARRANTS

During the financial year, 70,012,900 of the Warrants 2017/2022 ("Warrants") were exercised. The remaining unexercised Warrants of 83,254,600 have expired and become null and void on 10 August 2022.

Details of the Warrants are disclosed in Note 20(a) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year other than the above-mentioned Warrants.

DIRECTORS' REPORT

cont'd

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:

Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah*	
Tan Sri Mohd Bakri Bin Mohd Zinin*	
Dato' Sri Ho Kam Choy*	
Tony Tan Han (Chen Han)*	
Leong Fook Heng	
Ho Hung Ming* (alternate director to Tan Sri Mohd Bakri Bin Mohd Zinin)	
Harison Binti Yusoff	
Dato' Yoong Leong Yan*	Appointed on 1 August 2022
Datin Ng Fong Shiang	Appointed on 17 August 2022
Leong Kok Chaw	Appointed on 18 January 2023
Ho Fook Meng	Resigned on 27 July 2022

** Being a Director of one or more subsidiaries*

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Raja Ismail Bin Raja Mohamed	
Chai Yiing Jen	
Dato' Seri Tiong Chiong Kui	
Dato' Mohd Suhaimi Bin Hashim	
Idjal Bin Tahir	
Ho Soon Choy	
Ho Khin Choy	
Beh Swee Tat	
Selvaraja A/L Arjunan	
Ho Sze Wai	Appointed on 1 January 2023
Hoh Chee Mun	Appointed on 1 April 2022
Ti Le-June	Resigned on 31 December 2022

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of the Directors in office at the end of financial year in shares in or debentures of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
	As at 1.1.2022 Unit	Bought Unit	Sold Unit	As at 31.12.2022 Unit
Ordinary Shares of the Company				
<u>Direct interest</u>				
Dato' Sri Ho Kam Choy	89,344,600	4,246,400	-	93,591,000
Tony Tan Han (Chen Han)	36,790,438	-	-	36,790,438
<u>Indirect interest</u>				
Dato' Sri Ho Kam Choy [^]	58,751,800	5,464,900	100,000	64,116,700
Harison Binti Yusoff ^{^^}	12,400	-	-	12,400

	Number of Warrants over Ordinary Shares			
	As at 1.1.2022 Unit	Bought Unit	Conversion Unit	As at 31.12.2022 Unit
Warrants over Ordinary Shares of the Company				
<u>Direct interest</u>				
Dato' Sri Ho Kam Choy	1,779,700	-	1,779,700	-
<u>Indirect interest</u>				
Dato' Sri Ho Kam Choy [^]	5,464,900	-	5,464,900	-

[^] deemed interest by virtue of his indirect shareholding in Sturgeon Asia Ltd. pursuant to Section 8(4) of the Companies Act 2016 in Malaysia and his brothers' direct shareholdings in the Company.

^{^^} deemed interest by virtue of her spouse direct shareholdings in the Company.

The above Directors are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares of the Company.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT

cont'd

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Directors' fee	243,935	516,000
Salaries and allowances	264,200	1,432,390
Bonus	15,000	120,833
Contributions to defined contribution plan	21,600	220,899
Social security contributions	462	2,841
Other benefits	1,800	8,980
	546,997	2,301,943

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS'
REPORT
*cont'd***OTHER STATUTORY INFORMATION (CONT'D)**

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liabilities or other liability has become enforceable, or likely to become enforceable within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is disclosed in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director or past Director of the Company.
- (g) The indemnity given to or other insurance effected for the Directors and the officers of the Group and of the Company has a total premium of RM18,500 and coverage amount of RM3,500,000 for a period effective 16 December 2022 to 15 December 2023.

DIRECTORS'

REPORT

cont'd

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2023.

DATO' SRI HO KAM CHOY

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 91 to 207, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2023.

DATO' SRI HO KAM CHOY

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Hoh Chee Mun (MIA No.: 8891), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 91 to 207 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 18 April 2023

HOH CHEE MUN

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Straits Energy Resources Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 91 to 207.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Impairment review of goodwill, property, plant and equipment ("PPE") and investments in subsidiaries

Goodwill

The goodwill arising from the acquisition of subsidiaries of RM46.3 million as disclosed in Note 11 to the financial statements represented approximately 8% of the Group's total assets as at 31 December 2022. The Group is required to perform an annual impairment test or more frequently when indication of impairment exists on goodwill. The Group applies the value-in-use ("VIU") method to estimate the recoverable amount of the goodwill.

PPE

As at 31 December 2022, as shown in Note 8 to the financial statements, the carrying amount of the Group's property, plant and equipment amounted to RM181.8 million representing approximately 32% of the Group's total assets.

Certain subsidiaries of the Group have recorded operating losses during the financial year and in accumulated losses positions. These resulted in multiple indications that the carrying amount of PPE may be impaired. Accordingly, the Group estimated the recoverable amount of the PPE based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

Key Audit Matters (cont'd)

Impairment review of goodwill, property, plant and equipment ("PPE") and investments in subsidiaries (cont'd)

Investments in subsidiaries

As at 31 December 2022, as disclosed in Note 9 to the financial statements, the carrying amount of the Company's investments in subsidiaries amounted to RM112.4 million which represented approximately 68% of the Company's total assets. The Company assesses whether there is any indication of impairment in investments in subsidiaries and when there are indicators of impairment, the Company estimates the recoverable amounts to compare against their respective carrying amounts. The recoverable amount of the subsidiaries are based on VIU calculations using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period.

We have identified the impairment review of goodwill, PPE and investments in subsidiaries as key audit matters as the impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculations. The recoverable amounts of goodwill, PPE and investments in subsidiaries are highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin and the pre-tax discount rate used in the cash flows projections. A small change in these key assumptions can have a significant impact on the estimation of the recoverable amounts.

Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to evaluate management's basis and assumptions used in the VIU:

- Assessed whether the recoverable amounts were prepared by management based on approved budgets by the Directors;
- Reviewed management's impairment assessment including the projected revenue, gross margin and discount rates against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available;
- Tested the mathematical accuracy of the cash flows projections; and
- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill, PPE and cost of investments in subsidiaries.

Recoverability of trade receivables

As at 31 December 2022, as shown in Note 14 to the financial statements, the Group's trade receivables amounted to RM38.2 million which represented approximately 7% of the Group's total assets. The Group's gross trade receivables and total expected credit losses as at 31 December 2022 amounted to RM45.2 million and RM7.0 million respectively.

We focused on this area due to the substantial sum outstanding and the significant judgements made by the Directors over assumptions about the risk of default and timing of collection. In making these assumptions, the Directors selected inputs to the impairment calculation based on historical trend of collection.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

Key Audit Matters (cont'd)

Recoverability of trade receivables (cont'd)

Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to assess the recoverability of trade receivables:

- Reviewed and understand management's assessment of recoverability of major customers;
- Obtained a list of long outstanding and past due trade receivables and identified any debtors with financial difficulty through discussion with management regarding status of the collectability of major customers;
- Tested the customers' ageing analysis;
- Reviewed customers' collections and sales trends during the financial year; and
- Reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through individual assessment by reference to subsequent settlement, assessment of certain customer's proposed Scheme of Arrangement ("SOA") and historical payment pattern of the customers.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matter

This report is made solely to members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG
02963/07/2023J
Chartered Accountant

Petaling Jaya, Selangor
Date: 18 April 2023

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Revenue	4	3,110,751,482	1,319,023,380	1,155,000	6,615,000
Cost of sales		(3,048,103,027)	(1,283,146,229)	-	-
Gross profit		62,648,455	35,877,151	1,155,000	6,615,000
Other income		3,960,089	5,067,969	184,433	1,032,501
Administrative expenses		(29,311,670)	(21,340,860)	(3,187,579)	(4,692,178)
Other expenses		(24,576,690)	(7,531,684)	(3,243,268)	(334,039)
Profit/(loss) from operations		12,720,184	12,072,576	(5,091,414)	2,621,284
Finance costs		(9,353,755)	(7,382,268)	(5,271)	(10,713)
Share of results of an associate, before tax		6,649,971	4,986,370	-	-
Profit/(loss) before tax	5	10,016,400	9,676,678	(5,096,685)	2,610,571
Income tax expense	6	(3,068,115)	(5,499,935)	-	-
Profit/(loss) for the year		6,948,285	4,176,743	(5,096,685)	2,610,571
Other comprehensive income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation difference for foreign operations		4,515,923	1,551,724	-	-
Total comprehensive income for the year		11,464,208	5,728,467	(5,096,685)	2,610,571
Profit/(loss) for the year attributable to:					
Owners of the Company		6,158,229	4,303,051	(5,096,685)	2,610,571
Non-controlling interests		790,056	(126,308)	-	-
		6,948,285	4,176,743	(5,096,685)	2,610,571
Total comprehensive income for the year attributable to:					
Owners of the Company		9,369,046	5,550,836	(5,096,685)	2,610,571
Non-controlling interests		2,095,162	177,631	-	-
		11,464,208	5,728,467	(5,096,685)	2,610,571
Earnings per share attributable to Owners of the Company:					
Basic (sen)	7	0.69	0.57		
Diluted (sen)	7	N/A	0.52		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

			Group		Company	
			2022	2021	2022	2021
	Note		RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	8	181,804,945	157,215,608	-	483,817	
Investments in subsidiaries	9	-	-	112,401,164	93,959,660	
Investments in associates	10	31,647,231	25,561,756	15,013,149	15,013,149	
Goodwill	11	46,344,056	30,558,958	-	-	
Other receivables	15	3,128,723	-	-	-	
Amounts due from subsidiaries	16	-	-	1,212,707	1,141,479	
		262,924,955	213,336,322	128,627,020	110,598,105	
Current assets						
Inventories	13	45,657,565	37,900,061	-	-	
Trade receivables	14	38,198,640	52,220,005	-	-	
Other receivables	15	156,063,857	96,540,682	370,543	689,461	
Amounts due from subsidiaries	16	-	-	32,081,280	29,372,458	
Tax recoverable		232,134	342,492	-	-	
Fixed deposits with licensed banks	18	4,511,326	500,000	4,011,326	-	
Cash and bank balances		56,316,729	46,599,323	1,150,757	345,088	
		300,980,251	234,102,563	37,613,906	30,407,007	
Total Assets		563,905,206	447,438,885	166,240,926	141,005,112	

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

cont'd

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	19	146,739,666	124,895,843	146,739,666	124,895,843
Retained earnings/(accumulated losses)		8,887,424	5,312,742	(12,856,763)	(5,995,701)
Reserves	20	4,043,633	652,911	-	-
Total equity attributable to Owners of the Company		159,670,723	130,861,496	133,882,903	118,900,142
Non-controlling interests		17,338,420	14,362,500	-	-
Total Equity		177,009,143	145,223,996	133,882,903	118,900,142
Non-current liabilities					
Deferred tax liabilities	12	193,257	4,544,199	-	-
Lease liabilities	21	6,326,053	8,929,312	-	54,552
Borrowings	22	8,395,123	731,944	-	-
Other payables	24	10,446,818	22,114,730	-	-
		25,361,251	36,320,185	-	54,552
Current liabilities					
Lease liabilities	21	3,485,592	3,210,994	37,725	147,514
Trade payables	23	93,350,953	91,555,299	-	-
Other payables	24	148,595,562	98,975,272	6,396,202	769,481
Contract liabilities	17	57,343	-	-	-
Amounts due to subsidiaries	16	-	-	25,923,561	21,132,888
Borrowings	22	113,580,755	70,875,231	-	-
Tax payable		2,464,607	1,277,908	535	535
		361,534,812	265,894,704	32,358,023	22,050,418
Total Liabilities		386,896,063	302,214,889	32,358,023	22,104,970
Total Equity and Liabilities		563,905,206	447,438,885	166,240,926	141,005,112

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

	Attributable to Owners of the Company													
	Non-Distributable													
	Share Capital RM	Other Reserve RM	Sub-total RM	Warrants Reserve RM	Currency Translation Reserve RM	Distributable Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total RM					
Group	(Note 19)	(Note 20)	(Note 20)	(Note 20)	(Note 20)								Total Equity RM	
At 1 January 2022	124,895,843	(17,625,762)	107,270,081	17,625,762	652,911	5,312,742	130,861,496	14,362,500	145,223,996					
Transactions with Owners of the Company:														
Issuance of ordinary shares	13,792,340	-	13,792,340	-	-	-	13,792,340	-	13,792,340	-	-	13,792,340		
Exercise of warrants	8,051,483	8,051,483	16,102,966	(8,051,483)	-	-	8,051,483	-	8,051,483	-	-	8,051,483		
Warrants expired	-	9,574,279	9,574,279	(9,574,279)	-	-	-	-	-	-	-	-		
Acquisition of subsidiaries (Note 9)	-	-	-	-	-	-	-	(354,538)	-	(354,538)	-	(354,538)		
Dividend paid (Note 25)	-	-	-	-	-	(1,764,377)	(1,764,377)	-	(1,764,377)	-	-	(1,764,377)		
Capital contribution from shareholders	-	-	-	-	-	-	-	2,386,775	-	2,386,775	-	2,386,775		
Changes in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	179,905	(819,170)	(639,265)	(1,151,479)	(1,790,744)	(1,151,479)	(1,790,744)			
Total transactions with Owners of the Company	21,843,823	17,625,762	39,469,585	(17,625,762)	179,905	(2,583,547)	19,440,181	880,758	20,320,939	880,758	20,320,939			
Balance carried forward	146,739,666	-	146,739,666	-	832,816	2,729,195	150,301,677	15,243,258	165,544,935	15,243,258	165,544,935			

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022
cont'd

	Attributable to Owners of the Company		Non-Distributable				Foreign Currency Translation Reserve		Distributable Retained Earnings		Total		Non-Controlling Interests		Total Equity	
	Share Capital RM	Other Reserve RM	Sub-total RM	Warrants Reserve RM	Translation Reserve RM		(Note 19)	(Note 20)			RM	RM	RM	RM	RM	RM
Group (cont'd)																
Balance brought forward	146,739,666	-	146,739,666	-	832,816	2,729,195	150,301,677	15,243,258	165,544,935							
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	3,210,817	-	3,210,817	1,305,106	4,515,923							
Profit for the financial year	-	-	-	-	-	6,158,229	6,158,229	790,056	6,948,285							
Total comprehensive income for the year	-	-	-	-	3,210,817	6,158,229	9,369,046	2,095,162	11,464,208							
At 31 December 2022	146,739,666	-	146,739,666	-	4,043,633	8,887,424	159,670,723	17,338,420	177,009,143							

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

cont'd

	Attributable to Owners of the Company		Non-Distributable				Foreign Currency Translation Reserve		Distributable Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Share Capital	Other Reserve	Sub-total	Warrants Reserve	Translation Reserve		RM	RM				
Group	RM	RM	RM	RM	RM		(Note 19)	(Note 20)	RM	RM	RM	RM
At 1 January 2021	104,465,174	(17,625,762)	86,839,412	17,625,762	(594,874)				9,834,381	113,704,681	12,460,665	126,165,346
Transactions with Owners of the Company:												
Issuance of ordinary shares	20,430,669	-	20,430,669	-	-				-	20,430,669	-	20,430,669
Acquisition of subsidiaries	-	-	-	-	-				-	-	1,788,472	1,788,472
Dividend paid to non-controlling interest (Note 25)	-	-	-	-	-				-	-	(539,000)	(539,000)
Capital contribution from shareholder	-	-	-	-	-				-	-	3,399,834	3,399,834
Changes in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	-				(8,824,690)	(8,824,690)	(2,925,102)	(11,749,792)
Total transactions with Owners of the Company	20,430,669	-	20,430,669	-	-				(8,824,690)	11,605,979	1,724,204	13,330,183
Balance carried forward	124,895,843	(17,625,762)	107,270,081	17,625,762	(594,874)				1,009,691	125,310,660	14,184,869	139,495,529

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022
cont'd

	Attributable to Owners of the Company		Non-Distributable				Foreign Currency Translation Reserve		Distributable Retained Earnings		Total		Non-Controlling Interests		Total Equity	
	Share Capital	Other Reserve	Sub-total	Warrants Reserve	Foreign Currency Translation Reserve	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group (cont'd)	(Note 19)	(Note 20)	(Note 20)	(Note 20)	(Note 20)											
Balance brought forward	124,895,843	(17,625,762)	107,270,081	17,625,762	(594,874)	1,009,691	125,310,660	14,184,869	139,495,529							
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	1,247,785	-	1,247,785	303,939	1,551,724							
Profit for the financial year	-	-	-	-	-	4,303,051	4,303,051	(126,308)	4,176,743							
Total comprehensive income for the year	-	-	-	-	1,247,785	4,303,051	5,550,836	177,631	5,728,467							
At 31 December 2021	124,895,843	(17,625,762)	107,270,081	17,625,762	652,911	5,312,742	130,861,496	14,362,500	145,223,996							

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

cont'd

	Attributable to Owners of the Company					Total Equity RM
	Non-Distributable				Warrants Reserve RM	
	Share Capital RM	Other Reserve RM	Sub-total RM	(Note 20)	Accumulated Losses RM	
	(Note 19)	(Note 20)				
Company						
At 1 January 2021	104,465,174	(17,625,762)	86,839,412	17,625,762	(8,606,272)	95,858,902
Issuance of ordinary shares, representing total transactions with Owners of the Company	20,430,669	-	20,430,669	-	-	20,430,669
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	2,610,571	2,610,571
At 31 December 2021/ 1 January 2022	124,895,843	(17,625,762)	107,270,081	17,625,762	(5,995,701)	118,900,142
Transactions with Owners of the Company:						
Issuance of ordinary shares	13,792,340	-	13,792,340	-	-	13,792,340
Exercise of warrants	8,051,483	8,051,483	16,102,966	(8,051,483)	-	8,051,483
Warrants expired	-	9,574,279	9,574,279	(9,574,279)	-	-
Dividend paid (Note 25)	-	-	-	-	(1,764,377)	(1,764,377)
Total transactions with Owners of the Company	21,843,823	17,625,762	39,469,585	(17,625,762)	(1,764,377)	20,079,446
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	-	(5,096,685)	(5,096,685)
At 31 December 2022	146,739,666	-	146,739,666	-	(12,856,763)	133,882,903

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit/(loss) before tax		10,016,400	9,676,678	(5,096,685)	2,610,571
Adjustments for:					
Allowance for expected credit losses on trade receivables		5,325,200	353,842	-	-
Depreciation of property, plant and equipment		18,973,242	13,931,666	118,969	214,182
Bad debts written off		622,898	41,622	-	-
Deposits written off		-	140,000	-	-
Dividend income		-	-	-	(5,511,000)
Gain on derecognition of an associate	10	-	(490)	-	-
Gain on insurance compensation for property, plant and equipment		(3,570)	-	-	-
Goodwill written off	11	1,494	19,613	-	-
Interest income		(69,507)	(39,146)	(2,987)	(916)
Interest expense		9,353,755	7,382,268	5,271	10,713
Fair value adjustment on other receivable		643,069	-	-	-
Interest income from accretion for amount due from subsidiary		-	-	(71,228)	-
Other receivables written off		-	186,200	-	118,160
Property, plant and equipment written off		233,250	1,595	-	1,595
Reversal of allowance for expected credit losses on trade receivables		-	(475)	-	-
Share of results of an associate		(6,649,971)	(4,986,370)	-	-
Unrealised loss/(gain) on foreign exchange		623,501	(1,943,506)	(104,104)	(3,547)
Operating profit/(loss) before working capital changes		39,069,761	24,763,497	(5,150,764)	(2,560,242)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

cont'd

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Cash Flows from Operating Activities (cont'd)					
Changes in working capital:					
Inventories		(7,756,186)	(19,724,657)	-	-
Receivables		(52,419,309)	(37,383,486)	318,908	(692,435)
Payables		46,290,598	108,481,923	3,134,911	(442,768)
Cash generated from/(used in) operations, balance carried forward		25,184,864	76,137,277	(1,696,945)	(3,695,445)
Interest paid		(8,705,438)	(7,127,015)	(5,271)	(10,713)
Interest received		69,507	39,146	2,987	916
Tax paid		(4,685,127)	(489,382)	-	-
Tax refund		114,328	-	-	-
Net cash from/(used in) operating activities		11,978,134	68,560,026	(1,699,229)	(3,705,242)
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	8(a)	(30,889,830)	(29,368,732)	(6,100)	(11,259)
Increase in capital contribution in subsidiaries		-	-	(2,093,183)	(358,521)
Additional investments in subsidiaries	9	-	-	(13,909,750)	(850)
Repayment from an associate		-	23,980	-	23,980
Advances to subsidiaries		-	-	(2,780,050)	(4,859,645)
Net cash outflow from acquisition of subsidiaries	9	(14,242,108)	-	-	-
Net cash (outflow)/inflow for increased equity interest in a subsidiary	9	(1,790,744)	1,618	-	-
Net cash used in investing activities		(46,922,682)	(29,343,134)	(18,789,083)	(5,206,295)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Cash Flows from Financing Activities					
Repayment to an associate	(ii)	-	(842,730)	-	-
Advances from/(repayment to) Directors	(ii)	192,632	(471,113)	81,142	(35,017)
Advances from subsidiaries	(ii)	-	-	5,252,673	424,779
Increased in pledged fixed deposit	18	-	(500,000)	-	-
Drawdown/(repayment) of Tawarruq working capital financing-i, net	(ii)	40,038,239	(363,399)	-	-
Dividend paid	25	(1,764,377)	-	(1,764,377)	-
Dividend paid to non-controlling interest	25	-	(539,000)	-	-
Net capital contribution from non-controlling interest of a subsidiary		2,386,775	2,034,480	-	-
Proceeds from :-					
- issuance of ordinary shares	19	13,792,340	8,680,877	13,792,340	8,680,877
- exercise of warrants	19	8,051,483	-	8,051,483	-
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interest		-	1,788,472	-	-
Drawdown of term loans	(ii)	4,375,810	913,414	-	-
Repayment of mortgage loan	(ii)	(22,216)	-	-	-
Net (repayment)/addition of lease liabilities	(ii)(iii)	(3,394,004)	1,080,215	(108,081)	(228,643)
Repayment of vendor financing	(ii)	(13,670,213)	(16,002,892)	-	-
Net cash from/(used in) financing activities		49,986,469	(4,221,676)	25,305,180	8,841,996
Net increase/(decrease) in cash and cash equivalents		15,041,921	34,995,216	4,816,868	(69,541)
Cash and cash equivalents at beginning of the financial year		46,599,323	11,601,154	345,088	414,542
Effect of exchange rate changes on cash and cash equivalents held		(1,851,853)	2,953	127	87
Cash and cash equivalents at end of the financial year	(i)	59,789,391	46,599,323	5,162,083	345,088

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

cont'd

(i) Cash and cash equivalents comprise the following:

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Cash and bank balances		56,316,729	46,599,323	1,150,757	345,088
Fixed deposit with a licensed bank	18	4,511,326	500,000	4,011,326	-
		60,828,055	47,099,323	5,162,083	345,088
Less: Bank overdraft	22	(538,664)	-	-	-
Less: Fixed deposit pledged	18	(500,000)	(500,000)	-	-
		59,789,391	46,599,323	5,162,083	345,088

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Group	Amounts Due to Directors RM	Tawarruq Working Capital Financing-i RM	Lease Liabilities RM	Term Loans RM	Mortgage Loan RM	Vendor Financing Liabilities RM
2022						
At 1 January	1,100,123	70,693,761	12,140,306	913,414	-	35,084,312
Addition [Note 8(a)]	-	-	630,642	2,629,631	-	-
Acquisition of subsidiaries (Note 9)	1,044,500	-	434,701	880,438	1,212,860	-
Drawdown	-	40,038,239	-	4,904,000	-	-
Advance from/ (repayment to)	192,632	-	(3,394,004)	(528,190)	(22,216)	(13,670,213)
Net changes from financing cash flows	192,632	40,038,239	(3,394,004)	4,375,810	(22,216)	(13,670,213)
Foreign currency translation	-	-	-	66,960	-	2,180,304
Interest expense payable upon maturity	-	648,317	-	-	-	-
At 31 December	2,337,255	111,380,317	9,811,645	8,866,253	1,190,644	23,594,403

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

cont'd

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd):

Group (cont'd)	Amount Due to an Associate RM	Amounts Due to Directors RM	Tawarruq Working Capital Financing-i RM	Lease Liabilities RM	Term Loans RM	Vendor Financing Liabilities RM
2021						
At 1 January	842,730	1,571,236	70,898,324	10,363,446	-	36,253,821
Addition [Note 8(a)]	-	-	-	694,799	-	13,640,375
Drawdown	-	-	-	3,818,001	1,000,000	-
Repayment to	(842,730)	(471,113)	(363,399)	(2,737,786)	(86,586)	(16,002,892)
Net changes from financing cash flows	(842,730)	(471,113)	(363,399)	1,080,215	913,414	(16,002,892)
Foreign currency translation	-	-	-	1,846	-	1,193,008
Interest expense payable upon maturity	-	-	158,836	-	-	-
At 31 December	-	1,100,123	70,693,761	12,140,306	913,414	35,084,312

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd):

	Amounts Due to Directors RM	Amounts Due to Subsidiaries RM	Lease Liabilities RM
Company			
2022			
At 1 January	-	21,132,888	202,066
Addition	-	-	-
Repayment to	-	(9,095,851)	(108,081)
Advances from	81,142	14,348,524	-
Net changes from financing cash flows	81,142	5,252,673	(108,081)
Management fees	-	(462,000)	-
Transfer of lease liabilities to a subsidiary	-	-	(56,260)
At 31 December	81,142	25,923,561	37,725
2021			
At 1 January	35,017	21,509,242	175,338
Addition	-	-	95,605
Repayment to	(35,017)	-	(228,643)
Advances from	-	424,779	-
Net changes from financing cash flows	(35,017)	424,779	(228,643)
Management fees	-	(864,000)	-
Acquisition of property, plant and equipment	-	62,867	159,766
At 31 December	-	21,132,888	202,066

* In prior financial year, the Group's drawdown of lease liabilities was in relation to financing secured for stackers (RM2,500,000) and cement tankers (RM1,318,001) acquired in prior financial year.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022
cont'd

(iii) Cash outflow for leases as a lessee are as follows:

	Group RM	Company RM
2022		
Included in net cash from/(used in) operating activities:		
Interest paid in relation to lease liabilities	610,801	5,271
Payment relating to short term lease rental and low value asset	294,315	1,746
Included in net cash used in financing activities:		
Payment for the principal portion of lease liabilities	3,394,004	108,081
	<u>4,299,120</u>	<u>115,098</u>
2021		
Included in net cash from/(used in) operating activities:		
Interest paid in relation to lease liabilities	652,780	10,713
Payment relating to short term lease rental and low value asset	198,532	2,742
Included in net cash (used in)/from financing activities:		
(Drawdown)/payment for the principal portion of lease liabilities	(1,080,215)	228,643
	<u>(228,903)</u>	<u>242,098</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 149A, 149B, 151B, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at B-07-06, Plaza Mont Kiara, 2, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 9. There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 18 April 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 to 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 2 – 50 years. The Group and the Company anticipate that the certain residual values of their property, plant and equipment will be insignificant, other than oil tankers. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The residual value of the oil tankers is based on the scrap value which was determined using the respective oil tankers' lightship weight multiplies by estimated scrap prices at the expected port the vessels are to be scrapped.

(ii) Capitalisation of dry-docking expenditures

Dry-docking expenditures include a number of components (e.g. inspection, manual and certificate, engine maintenance, spare part, painting, vessel maintenance etc.) which require either replacement or major overhaul at intervals during the vessel's operational life cycle.

These components may also have substantially similar useful lives and residual values, in which case MFRS 116 Property, Plant and Equipment allows such components to be grouped together. It may be pragmatic to strive for a basic presumption that components have similar economic and accounting useful lives.

Predicated on the above, only dry-docking expenditure which are capital in nature are capitalised and depreciated over a period of 30 months until the next expected dry-docking date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(iii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(iv) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) Carrying value of investments in subsidiaries

Investment in a subsidiary is reviewed for impairment whenever indication of impairment arises in accordance with its accounting policy whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiary, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

(vii) Right-of-use assets

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstance including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of respective leases.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interest are adjusted to reflect the changes in their relative interests in the subsidiary. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Consolidation (cont'd)

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Business combination (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Non-controlling interests (cont'd)

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any recognised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as recognised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency

(i) Foreign Currency Transactions

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign Currency (cont'd)

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia (cont'd)

Exchange reserve in respect of a foreign operation is recognized to profit or loss when control, joint control or significant influence over the foreign operation is lost.

On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Revenue and Other Income Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue and Other Income Recognition (cont'd)

(i) Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the costs incurred to date as a percentage of the estimated total costs of the contract).

Significant judgements are required to estimate the total costs to complete. In making estimates, management relied on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

Contract asset and contract liability

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customer. The Group's contract liability is recognised as revenue when the Group performs its obligation under the contract.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Management Fees

Management fees are recognised when services are rendered.

(iv) Wages Subsidy

Government grant/assistance received from Government on wages subsidy is recognised on monthly basis over the qualified period under the criteria set by the Government.

(v) Dividend Income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary to respective state pension funds. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income Tax

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases

As a lessee

As a lessee, the Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use assets pertaining to lease of premise are presented as part of property, plant and equipment in the statements of financial position.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise warrants granted to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually or whenever indication of impairment arises. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in a subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of comprehensive income.

(i) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and Measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Dry-docking expenditures represent major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry-docking generally performed. The Group has included the initial dry-docking costs incurred during the purchase of new oil tanker as part of the acquisition costs of vessel in accordance with MFRS 116 *Property, Plant and Equipment*.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, Plant and Equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Vessels	6 to 25 years
Dry-docking expenditures	30 months from date of dry dock
Shipping equipment and tools	5 to 10 years
Furniture and fittings and office equipment	5 to 10 years
Computers	2 to 10 years
Renovation	6 to 10 years
Cement tankers	5 to 15 years
Motor vehicles	5 years
Container	5 years
Stackers	5 years
Freehold building	50 years
Leasehold building	40 years
Lease of premises*	3 to 6 years

* Included in lease of premises is the lease of a port in Labuan for a tenure of 6 years with further renewal option of 6 years subject to terms and conditions of the port's operation and facility management agreement.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment is retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of this property, plant and equipment.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(j) Capital Work-in-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances, fixed deposit with licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Financial Instruments

(i) Initial Recognition and Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(ii) Financial Instrument Categories and Subsequent Measurement (cont'd)

Financial assets (cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see note 3(n)(i)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment under Note 3(n)(i).

Financial liabilities

Amortised cost

Other financial liabilities not recognised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(v) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Impairment

(i) Financial Assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and the Company are measured on either of the following bases:

- (i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial Assets (cont'd)

Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial Assets (cont'd)

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial Assets

The carrying amounts of non-financial assets (other than inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(ii) Non-financial Assets (cont'd)

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(o) Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Warrants Reserve

Amount allocated in related to the issuance of warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will lapse and ceased to be valid for any purpose.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the controls of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(t) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(u) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

4. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Recognised point in time:				
Oil bunkering and shipping related services	3,079,152,268	1,294,256,442	-	-
Inland transportation services	5,864,449	4,114,598	-	-
Ship to ship ("STS") operation	4,159,416	-	-	-
Port operation and facility management services	13,171,003	11,983,977	-	-
Dividend income	-	-	-	5,511,000
Management fee	-	-	1,155,000	1,104,000
Recognised over time:				
Chartering of vessel	7,023,991	8,668,363	-	-
Telecommunication and networking	1,380,355	-	-	-
	3,110,751,482	1,319,023,380	1,155,000	6,615,000

Disaggregation of revenue by segment is disclosed in Note 27.

Oil bunkering and shipping related services

(i) Oil trading

The Group carries out oil trading activities for Marine Gas Oil, Marine Fuel Oil and Low Sulphur Fuel Oil (collectively refer as "Cargo Oil") whereby customers place their order with an agreed Cargo Oil price per litre and subsequent arrangement would be made with the Group's supplier to arrange for delivery of the Cargo Oil ordered direct to the customer. Revenue recognition is based on issuance of cargo manifest which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

Performance obligation ("PO")

Contracts with individual customer is considered as a single PO in relation to the sale of Cargo Oil with a single transaction price. The PO is satisfied upon delivery of the Cargo Oil to the customer by way of acknowledgement of cargo manifest. Payment is generally due between 30 to 60 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the Cargo Oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the cargo manifest. Therefore, revenue is recognised at a point in time when customers have acknowledged the cargo manifest.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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4. REVENUE (cont'd)

Oil bunkering and shipping related services (cont'd)

(ii) Oil bunkering services

The Group carries out oil bunkering services of Cargo Oil by entering into written contracts with external customers. Customer places its order with an agreed Cargo Oil price per litre and the Group will arrange for delivery of the Cargo Oil ordered to the customer. Revenue recognition is based on issuance of bunker delivery note which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

Performance obligation ("PO")

The Group provides oil bunkering services which consist of the following services:

- Sales of Cargo Oil; and
- Delivery services

Contracts for bunkering services of Cargo Oil comprised of two POs but are not capable of being distinct and separately identifiable. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The POs are satisfied upon completion of the sales of Cargo Oil and delivery services which are completed simultaneously by way of acknowledgement of customers' bunker delivery note. Payment is generally due within the range of 30 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the cargo oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the bunker delivery note. Therefore, revenue is recognised at a point in time when customers have acknowledged the bunker delivery note.

(iii) Chartering services

Revenue is recognised over time as the Group satisfies its obligation based on time elapsed between the delivery of a vessel to a charterer and the redelivery of a vessel from the charterer and invoicing is done on a monthly basis.

(iv) Ship management services

The performance obligation is satisfied at a point in time and payment is generally due from 30 days upon completion of services rendered and acceptance by customers.

(v) Shipping agency services

Shipping agency and husbandry services

Revenue is recognised net of related direct costs (i.e. net basis) when the services have been completed. Payment is generally due within 30 to 60 days from the date of invoices.

Transport of freight overseas and coastal waters

Revenue is recognised at a point in time when the performance obligation is satisfied. Payment is generally due within 30 to 60 days from the date of invoices.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. REVENUE (cont'd)

Inland transportation services

The Group carries out inland transportation services for delivery and unloading bulk cement as the customer wish to have the cements transported to the recipient's destination. Revenue is recognised upon acknowledgement of the delivery order by the intended recipient of the goods.

Performance obligation ("PO")

Contracts for inland transportation services comprised of one PO. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of the delivery and unloading of cements to the recipient by way of acknowledgement of delivery order note. Payment is generally due within the range of 60 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the goods delivered has been transferred to the recipient. An enforceable right to payment does not arise until the recipient has acknowledged the delivery order note. Therefore, revenue is recognised at a point in time when the recipient has acknowledged the delivery order note.

STS operation

The Group carries out STS operation which involves the cargo transfer operations between 2 seagoing vessels and facility management services relating to berthing and unberthing of vessels through usage of tugboats.

Performance obligation ("PO")

Contracts for STS operation and facility management services comprised of one PO. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of services rendered to the customers upon acknowledgement of service rendered statement and issuance of invoice to the customers.

Timing of recognition

The PO is satisfied at a point in time and payment is generally due between 30 to 90 days upon completion of services rendered and acceptance by customers.

Port operation and facility management services

The Group carries out port operation and facility management services related to mooring, unmooring and berthing of vessel, cargo handling charges, storage charges, container lifting charges, use of yard for stuffing and unstuffing. Revenue is recognised upon acknowledgement of the integrated container advise form by the port customers.

Performance obligation ("PO")

Contracts for port services comprised of one PO. Accordingly, the Group charges the port customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of services rendered to the port customers upon acknowledgement of integrated container advise form and issuance of invoice to the port customers. Payment is generally due within the range of 30 to 60 days from the date when the PO is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

4. REVENUE (cont'd)

Port operation and facility management services (cont'd)

Timing of recognition

The PO is satisfied at a point in time and payment is generally due from 30 to 60 days upon completion of services rendered and acceptance by the port customers.

Telecommunication and Networking

Installation services

The Group carries out installation services for in-building wireless communication systems and radio frequency enhancement solutions. Revenue recognition is based on stage of completion method determined by proportion of actual installation costs incurred to date over estimated total installation costs.

Performance obligation ("PO")

Each of the obligation is not distinct and is unable to be performed separately. Accordingly, each contract with a customer is considered as a single PO and is not separately identifiable. The PO is satisfied over time upon completion and acknowledged by customer via signed user acceptance report. Payment is generally due within 30 to 90 days from the date of invoices.

Timing of recognition

Revenue is recognised over the period of the contract which is generally less than one (1) year by reference to the progress towards complete satisfaction of the aforesaid PO.

Management fee

The performance obligation is satisfied at a point in time and payment is generally due upon completion of services rendered and acceptance by the subsidiaries.

Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Group auditors' remuneration:				
- Statutory audit current year	610,570	325,000	70,000	58,000
- Non-audit services	38,000	85,750	35,000	85,750
Moore Global affiliated firm's remuneration:				
- Statutory audit	59,524	56,771	-	-
Allowance for expected credit losses on trade receivables	5,325,200	353,842	-	-
Bad debts written off	622,898	41,622	-	-
Depreciation of property, plant and equipment	18,973,242	13,931,666	118,969	214,182
Deposits written off	-	140,000	-	-
Employee benefits expense [Note (a)]	21,492,125	16,697,378	1,406,490	2,326,743
Finance costs:				
- Tawarruq Working Capital Financing-i	6,666,311	4,608,378	-	-
- Lease liabilities	610,801	652,780	5,271	10,713
- Term loans	214,714	35,534	-	-
- Vendor financing liabilities	1,861,929	2,085,576	-	-
Fair value adjustment on other receivable	643,069	-	-	-
Incorporation expenses	9,866	-	-	-
Interest income	(69,507)	(39,146)	(2,987)	(916)
Interest income from accretion for amount due from subsidiary	-	-	(71,228)	-
Dividend income	-	-	-	(5,511,000)
Gain on derecognition of an associate	-	(490)	-	-
Gain on insurance compensation for property, plant and equipment	(3,570)	-	-	-
Goodwill written off	1,494	19,613	-	-
Other receivables written off	-	186,200	-	118,160
Property, plant and equipment written off	233,250	1,595	-	1,595

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

5. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(loss) before tax is stated after charging/(crediting) (cont'd):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short term leases and low value assets:				
- premises	221,137	180,240	-	-
- equipment	73,178	18,292	1,746	2,742
Share of associate's aborted GEM listing expenses	3,124,300	-	3,124,300	-
Income from shortfall in profit guarantee [Note (b)]	-	(1,019,038)	-	(1,019,038)
Reversal of allowance for expected credit loss on trade receivables	-	(475)	-	-
Wages subsidy	-	(1,046,717)	-	(9,000)
Realised (gain)/loss on foreign exchange	(4,146,873)	496,436	6,115	102
Unrealised loss/(gain) on foreign exchange	623,501	(1,943,506)	(104,104)	(3,547)

(a) Employee benefits expense comprise of:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Staff costs				
Salaries and allowances	11,853,691	9,463,992	686,080	1,228,589
Bonus	494,602	455,936	47,700	84,768
Contributions to defined contribution plan	2,093,926	1,328,206	82,399	148,077
Social security contributions	157,477	119,375	4,212	7,986
Other benefits	2,066,146	2,028,435	39,102	99,200
	16,665,842	13,395,944	859,493	1,568,620

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

5. PROFIT/(LOSS) BEFORE TAX (cont'd)

(a) Employee benefits expense comprise of (cont'd):

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors' remunerations				
Directors' fee	939,935	870,000	243,935	246,000
Salaries and allowances	3,213,130	2,129,442	264,200	434,400
Bonus	261,054	64,358	15,000	30,000
Contributions to defined contribution plan	396,531	229,712	21,600	46,800
Social security contributions	10,233	6,272	462	923
Other benefits	5,400	1,650	1,800	-
	4,826,283	3,301,434	546,997	758,123
Total employee benefits expense	21,492,125	16,697,378	1,406,490	2,326,743

(b) In previous financial year, income from shortfall in profit guarantee arose from acquisition of Tumpuan Megah Development Sdn Bhd ("TMD").

Pursuant to the acquisition of TMD which was completed on 7 June 2018, Raja Ismail Bin Raja Mohamed (*hereby also referred as "the Vendor"*) has agreed to undertake and guarantee a profit guarantee of TMD for a period of two years. Consequent thereon, the Vendor would compensate any shortfall arising from the profit guarantee period to the Company.

The Board of Directors of the Company has jointly agreed with the Vendor on the shortfall in profit amounted to RM1,852,797. As TMD is a 55% owned subsidiary in the past 2 financial years in 2019 and 2020, an amount of RM1,019,038 from the shortfall in profit guarantee was recognised in the statements of comprehensive income for the financial year ended 31 December 2021.

6. INCOME TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Income tax				
Based on result for the year	5,341,994	688,420	-	-
Underprovision in prior year	704,466	342,164	-	-
	6,046,460	1,030,584	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

6. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax (Note 12)				
(Reversal)/origination of temporary differences	(4,677,328)	467,559	-	-
Underprovision in prior year	322,636	2,959,106	-	-
	(4,354,692)	3,426,665	-	-
Share of tax of associate	1,376,347	1,042,686	-	-
Income tax expense for the year	3,068,115	5,499,935	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable result for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction. For Labuan Trading activity, the chargeable profits would subject to tax under Labuan Business Activity Act, 1990 ("LBATA") of which 3% of net audited profits would be taxed and the statutory tax rate for Singapore is 17% of the estimated assessable result for the year.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit/(loss) before tax	10,016,400	9,676,678	(5,096,685)	2,610,571
Tax at Malaysian statutory income tax rate of 24%	2,403,900	2,322,400	(1,223,200)	626,500
Effect of different tax rate				
in Singapore	(333,700)	(165,463)	-	-
Effect of different tax rate under LBATA	(439,900)	(781,612)	-	-
Expenses not deductible for tax purposes	2,178,084	300,978	1,037,500	340,000
Income not subject to tax	(534,018)	(1,385,824)	-	(1,322,600)
Crystallisation of deferred tax liabilities arising from assets controlled transfer to LBATA	(4,024,000)	-	-	-
Deferred tax assets not recognised	1,414,300	865,500	185,700	356,100
Underprovision of tax expense in prior year	704,466	342,164	-	-
Underprovision of deferred tax in prior year	322,636	2,959,106	-	-
Share of tax of associate	1,376,347	1,042,686	-	-
Income tax expense for the year	3,068,115	5,499,935	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

6. INCOME TAX EXPENSE (cont'd)

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unutilised tax losses	11,977,400	6,289,600	3,419,400	3,820,600
Unabsorbed capital allowances	7,164,300	5,191,306	95,100	95,100
	19,141,700	11,480,906	3,364,500	3,915,700

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carry forwards available to the Group and the Company.

The availability of the unutilised tax losses of the Malaysia subsidiaries will be subject to Inland Revenue Board discretion and approval to offset against future taxable profits. In prior year, the Finance Act 2021 was published on 31 December 2021 with extension of the time period for carrying forward of unutilised tax losses to 10 years from 7 years.

7. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Profit after tax attributable to the Owners of the Company (RM)	6,158,229	4,303,051
Weighted average number of ordinary shares		
Number of ordinary shares at beginning of the year	780,789,895	650,658,246
Effect of new ordinary shares issued	113,244,537	109,096,670
Weighted average number of ordinary shares at the end of the year	894,034,432	759,754,916
Basic earnings per ordinary share (sen)	0.69	0.57

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

*cont'd***7. EARNINGS PER SHARE (cont'd)**

	Group	
	2022	2021
Profit after tax attributable to the Owners of the Company (RM)	-	4,303,051
Weighted average number of ordinary shares		
Issued ordinary shares at end of the year	-	759,754,916
Effect of dilutive potential ordinary shares (Warrants)	-	61,705,097
Weighted average number of ordinary shares	-	821,460,013
Diluted earnings per ordinary share (sen)	N/A	0.52

No potential of dilution to the earnings per ordinary shares as at the reporting date as the warrants have expired on 10 August 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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8. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels	Dry-docking Expenditures	Shipping Equipment and Tools	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Subtotal carried forward
Cost	RM	RM	RM	RM	RM	RM	RM	RM
2022								
At 1 January	134,648,935	22,787,993	1,015,331	1,091,128	657,708	4,374,471	7,431,257	172,006,823
Additions	10,891,208	14,621,093	1,008,412	318,445	1,200,141	891,511	-	28,930,810
Acquisition of subsidiaries (Note 9)	1,205,133	-	-	134,235	175,536	193,991	-	1,708,895
Written-off	-	-	-	-	-	-	(933,000)	(933,000)
Reclassifications	8,821,079	-	2,618,500	22,000	12,920	422,191	-	11,896,690
Foreign exchange difference	6,413,158	683,546	17,202	2,546	3,895	7,312	-	7,127,659
At 31 December	161,979,513	38,092,632	4,659,445	1,568,354	2,050,200	5,889,476	6,498,257	220,737,877
Accumulated depreciation								
At 1 January	20,054,563	10,204,480	186,587	501,018	254,293	1,052,934	1,999,803	34,253,678
Charge for the year	7,283,094	6,061,717	628,381	173,074	318,610	803,969	933,491	16,202,336
Acquisition of subsidiaries (Note 9)	160,873	-	-	63,045	104,698	90,719	-	419,335
Written-off	-	-	-	-	-	-	(699,750)	(699,750)
Foreign exchange difference	373,921	171,701	1,416	1,277	1,471	1,891	-	551,677
At 31 December	27,872,451	16,437,898	816,384	738,414	679,072	1,949,513	2,233,544	50,727,276
Net carrying amount								
At 31 December	134,107,062	21,654,734	3,843,061	829,940	1,371,128	3,939,963	4,264,713	170,010,601

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Subtotal brought down	Motor Vehicles	Container	Stackers	Freehold Building	Leasehold Building	Assets under Construction	Lease of Premises	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM
2022									
At 1 January	172,006,823	1,522,738	158,855	2,950,881	-	-	11,666,410	8,378,142	196,683,849
Additions	28,930,810	118,000	-	-	-	3,493,371	1,060,280	547,642	34,150,103
Acquisition of subsidiaries (Note 9)	1,708,895	870,347	-	-	1,448,528	-	-	62,186	4,089,956
Expiry of lease contract	-	-	-	-	-	-	-	(663,307)	(663,307)
Written-off*	(933,000)	(43,000)	-	-	-	-	-	-	(976,000)
Reclassifications	11,896,690	-	-	-	-	-	(11,896,690)	-	-
Foreign exchange difference	7,127,659	4,334	-	-	-	-	-	-	7,131,993
At 31 December	220,737,877	2,472,419	158,855	2,950,881	1,448,528	3,493,371	830,000	8,324,663	240,416,594
Accumulated depreciation									
At 1 January	34,253,678	1,038,139	25,000	1,032,808	-	-	-	3,118,616	39,468,241
Charge for the year	16,202,336	349,896	31,771	590,176	9,314	-	-	1,789,749	18,973,242
Acquisition of subsidiaries (Note 9)	419,335	537,399	-	-	40,910	-	-	13,000	1,010,644
Expiry of lease contract	-	-	-	-	-	-	-	(663,307)	(663,307)
Written-off*	(699,750)	(27,950)	-	-	-	-	-	-	727,700
Foreign exchange difference	551,677	2,777	-	-	-	-	-	(3,925)	550,529
At 31 December	50,727,276	1,900,261	56,771	1,622,984	50,224	-	-	4,254,133	58,611,649
Net carrying amount									
At 31 December	170,010,601	572,158	102,084	1,327,897	1,398,304	3,493,371	830,000	4,070,530	181,804,945

* Included in written-off is an amount of RM15,050 relates to total loss as a result of accident and the Group was compensated with confirmed insurance claim amounted to RM18,620.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Vessels	Dry-docking Expenditures	Shipping Equipment	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Motor Vehicles	Container	Stackers	Construction	Assets under Lease of Premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost													
2021													
At 1 January	110,384,326	11,223,607	491,168	984,815	561,958	2,212,487	7,040,891	1,365,549	24,000	2,950,881	1,455,026	8,102,561	146,797,269
Additions	21,432,431	11,427,848	520,594	108,717	91,318	709,089	390,366	154,260	134,855	-	11,622,357	370,799	46,962,634
Expiry of lease contract	-	-	-	-	-	-	-	-	-	-	-	(105,725)	(105,725)
Written-off	-	-	-	-	-	(2,967)	-	-	-	-	-	-	(2,967)
Reclassifications	-	-	-	(3,588)	3,588	1,455,026	-	-	-	-	(1,455,026)	-	-
Foreign exchange difference	2,832,178	136,538	3,569	1,184	844	836	-	2929	-	-	44,053	10,507	3,032,638
At 31 December	134,648,935	22,787,993	1,015,331	1,091,128	657,708	4,374,471	7,431,257	1,522,738	158,855	2,950,881	11,666,410	8,378,142	196,683,849
Accumulated depreciation													
At 1 January	14,294,047	6,228,716	107,046	372,367	142,168	440,538	1,078,717	828,208	2,000	442,632	-	1,517,480	25,453,919
Charge for the year	5,621,700	3,932,850	79,257	130,138	111,298	612,135	921,086	208,532	23,000	590,176	-	1,701,494	13,931,666
Expiry of lease contract	-	-	-	-	-	-	-	-	-	-	-	(105,725)	(105,725)
Written-off	-	-	-	(1,372)	-	-	-	-	-	-	-	-	(1,372)
Reclassifications	-	-	-	(667)	667	-	-	-	-	-	-	-	-
Foreign exchange difference	138,816	42,914	284	552	160	261	-	1,399	-	-	-	5,367	189,753
At 31 December	20,054,563	10,204,480	186,587	501,018	254,293	1,052,934	1,999,803	1,038,139	25,000	1,032,808	-	3,118,616	39,468,241
Net carrying amount													
At 31 December	114,594,372	12,583,513	828,744	590,110	403,415	3,321,537	5,431,454	484,599	133,855	1,918,073	11,666,410	5,259,526	157,215,608

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

*cont'd***8. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	Computers	Furniture, Fittings, and Office Equipment	Renovation	Motor Vehicle	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM
Company						
2022						
Cost						
At 1 January	58,538	310,310	133,774	355,700	157,455	1,015,777
Additions	-	6,100	-	-	-	6,100
Transferred to a subsidiary	(58,538)	(316,410)	(133,774)	(355,700)	(157,455)	(1,021,877)
At 31 December	-	-	-	-	-	-
Accumulated depreciation						
At 1 January	18,814	182,268	22,529	248,991	59,358	531,960
Charge for the year	2,928	25,267	10,686	35,570	44,518	118,969
Transferred to a subsidiary	(21,742)	(207,535)	(33,215)	(284,561)	(103,876)	(650,929)
At 31 December	-	-	-	-	-	-
Net carrying amount						
At 31 December	-	-	-	-	-	-
2021						
Cost						
At 1 January	48,306	256,006	29,235	355,700	105,725	794,972
Additions	10,232	57,271	104,539	-	157,455	329,497
Written off	-	(2,967)	-	-	(105,725)	(108,692)
At 31 December	58,538	310,310	133,774	355,700	157,455	1,015,777
Accumulated depreciation						
At 1 January	13,311	135,784	7,307	177,851	90,622	424,875
Charge for the year	5,503	47,856	15,222	71,140	74,461	214,182
Written off	-	(1,372)	-	-	(105,725)	(107,097)
At 31 December	18,814	182,268	22,529	248,991	59,358	531,960
Net carrying amount						
At 31 December	39,724	128,042	111,245	106,709	98,097	483,817

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Acquisition of property, plant and equipment

During the year, the Group and the Company made the following cash payment for purchase of property, plant and equipment:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Total additions	34,150,103	46,962,634	6,100	329,497
Less: Financed through lease arrangement	(630,642)	(694,799)	-	(95,605)
Amount owing to vendor	-	(1,893,374)	-	-
Acquisition from a subsidiary	-	-	-	(222,633)
Term loans	(2,629,631)	-	-	-
Capital contribution by non-controlling interest	-	(1,365,354)	-	-
Vendor financing	-	(13,640,375)	-	-
Cash payment	30,889,830	29,368,732	6,100	11,259

(b) Carrying amounts of property, plant and equipment pledged for banking facilities of the Group as disclosed in Note 22 are as follows:

	Group	
	2022	2021
	RM	RM
Freehold building	1,398,304	-
Leasehold building	3,493,371	-
Vessels	128,752,483	19,569,626
Dry-docking expenditures	4,451,484	4,224,918
Shipping equipment	812,110	587,952
Furniture, fittings and office equipment	216,980	155,477
Computers	22,351	14,274
Renovation	300,460	114,367
	139,447,543	24,666,614

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Right-of-use assets

The net carrying amount of right-of-use assets recognised by the Group and the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Leasehold building	3,493,371	-	-	-
Motor vehicles	438,323	274,782	-	106,709
Stackers	1,327,897	1,918,073	-	-
Cement tankers	3,659,675	4,133,041	-	-
Lease of premises	4,070,530	5,259,526	-	98,097
	12,989,796	11,585,422	-	204,806

The expenses charged to profit and loss during the financial year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Depreciation of right-of-use assets	3,150,012	2,995,537	80,088	145,601
Interest expense on lease liabilities	610,801	652,780	5,271	10,713
Payment relating to short term lease rental and low value assets	294,315	198,532	1,746	2,742

- (d) Certain titles of vessels are in the midst of being transferred to the Group or its nominated subsidiaries with the net carrying amount of RM2,354,181 (2021: RM19,569,626).
- (e) The Group has carried out an impairment assessment on the property, plant and equipment for certain subsidiaries (inland transportation services, *shipping agency services* and telecommunication and networking segments) who were loss making and in accumulated losses position during the financial year. The recoverable amount of the property, plant and equipment is determined based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a 5-year period and based on the impairment assessment performed, no impairment loss has been recognised for the property, plant and equipment. The key assumptions used in the VIU cash flows projections for impairment testing is disclosed in Note 9.
- (f) Included in lease of premise, a cost of RM169,651 (2021: RM169,651) and net carrying amount of RM98,963 (2021: RM155,513) was leased from related parties of which certain Director of a subsidiary has substantial financial interest.

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9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Unquoted shares at cost:		
1 January	59,621,139	47,870,914
Addition	16,348,321	11,750,642
Disposal	-	(417)
31 December	75,969,460	59,621,139
Accumulated impairment losses:		
1 January/31 December	(890,000)	(890,000)
	75,079,460	58,731,139
Capital contribution to subsidiaries	37,321,704	35,228,521
Net carrying amount	112,401,164	93,959,660

The capital contribution to subsidiaries amounting to RM37,321,704 (2021: RM35,228,521) was in relation to advances that are not expected to be repaid in foreseeable future and in substance, represents additional investments into the subsidiaries by the Company.

Details of subsidiaries are as follows:

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2022	2021
Benua Hijau Sdn. Bhd. ("BH")	Malaysia	Dormant	51%	-
Quest Equipment & Services Sdn. Bhd. ^^ ("QES")	Malaysia	Dormant	100%	100%
Quest Technology Sdn. Bhd.	Malaysia	Dormant	100%	100%
Raya Consumable Sdn. Bhd.	Malaysia	Dormant	100%	100%
Quest System & Engineering Sdn. Bhd. ^^ ("QSE")	Malaysia	Dormant	100%	100%
Selatan Bunker (M) Sdn. Bhd. ("SBSB")	Malaysia	Dormant	51%	51%
Straits Alliance Transport Sdn. Bhd. ("SAT")	Malaysia	Inland transportation services	70%	70%

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31 December 2022
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2022	2021
Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")	Malaysia	Investment holding	90%**	85%*
Straits Port Management Sdn. Bhd. ("SPM")	Malaysia	Investment holding	100%	100%
Straits Management Services Sdn. Bhd. ("SMT")	Malaysia	Provision of management services	100%	-
Straits Marine Services Pte Ltd ^ ("SMS")	Singapore	Provision of ship management services	51%	51%
Tumpuan Megah Development Sdn. Bhd. ("TMD")	Malaysia	Provision of bunkering services for marine fuel and petroleum based products	70%	70%
Sinar Maju Logistik Sdn. Bhd. ("SML")	Malaysia	Provision of shipping and manning agencies services	90%	-
Pan Management Services Ltd ("PAN")	Malaysia	Provision of management services	100%	100%
TMD Straits Ltd ("STR")	Malaysia	Provision of vessel chartering services	100%	100%
TMD Sturgeon Ltd ("STU")	Malaysia	Provision of vessel chartering services	100%	100%
Straits Bulkiers Maritime Sdn. Bhd. ("SBM")	Malaysia	Dormant	100%	100%
Straits Technology Solutions Sdn. Bhd. # ("STech")	Malaysia	Investment holding	75%	75%

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31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2022	2021
<u>Subsidiaries of TMD</u>				
Cavalla Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Dolphin Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Escolar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Phoenix Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Oscar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
S3 Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
<u>Subsidiaries of SMF</u>				
SMF Begonia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Ixora Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Omura Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Eden Maritime Ltd (“Eden”)	Malaysia	Provision of vessel chartering services	100%	100%
SMF Beluga Ltd (“Beluga”)	Malaysia	Provision of vessel chartering services	51%	51%
Sierra Pioneer Marine Ltd (“Sierra”)	Malaysia	Provision of vessel chartering services	51%	51%
Katsu Pioneer Marine Ltd (“Katsu”)	Malaysia	Provision of vessel chartering services	51%	51%

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31 December 2022
cont'd

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2022	2021
<u>Subsidiaries of SAT</u>				
Straits Alliance Tech Sdn. Bhd. (“SA Tech”)	Malaysia	Traders of trucks and automotive spare parts and service station for trucks and motor vehicles	100%	100%
<u>Subsidiaries of SPM</u>				
Megah Port Management Sdn. Bhd. (“MPM”)	Malaysia	Port operation and facility management services	51%	51%
Fajar Maritime and Logistics Sdn. Bhd. (“FML”)	Malaysia	Investment holding	60%	60%
<u>Subsidiaries of FML</u>				
Victoria STS (Labuan) Sdn. Bhd. (“Victoria”)	Malaysia	Investment holding and STS operations	70%	70%
<u>Subsidiaries of Victoria</u>				
Victoria 1 Limited (“Vic 1”)	Malaysia	Provision of vessel chartering services	100%	100%
Victoria 2 Limited (“Vic 2”)	Malaysia	Provision of vessel chartering services	100%	100%
<u>Subsidiaries of MPM</u>				
Victoria 3 Limited (fka MPM Victoria 3 Ltd.) (fka SMF Cero Ltd.) (“Vic 3”)	Malaysia	Investment holding	100%	-
<u>Subsidiary of SMS</u>				
Straits Maritime Services Pte Ltd ^ (“SMS 2”)	Singapore	Provision of shipping services, general cleaning and disinfecting	100%	100%

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31 December 2022

cont'd

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2022	2021
<u>Subsidiaries of STech</u>				
Straits CommNetSolutions Sdn. Bhd. [#] ("SCS")	Malaysia	Telecommunication and networking	70%	70%
Wire & Wireless Sdn. Bhd. ("W&W")	Malaysia	Telecommunication equipment and consultants	51%	-
<u>Subsidiaries of SML</u>				
Sinar Maju Marin Sdn. Bhd. ("SMM")	Malaysia	Provision of freight over seas and coastal waters	100%	-

[^] Audited by a member firm of Moore Global Network Limited.

^{^^} These subsidiaries have submitted their application to strike off from the register pursuant to Section 550 of the Companies Act 2016 during the financial year.

^{*} Included in the equity interests held through TMD is 18%.

^{**} Included in the equity interests held through TMD is 23%.

[#] Incorporated in prior financial year and consolidated based on management accounts which are reviewed by Moore Stephens Associates PLT for consolidation purposes in view that these subsidiaries are within the 18 months from the date of their incorporation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022

Acquisition of subsidiaries by the Company

- (i) On 1 April 2022, the Company acquired 270,000 ordinary shares in SML, representing 90% equity interest in SML (inclusive of wholly-owned subsidiary, SMM) from Tan Sri Mohd Bakri Bin Mohd Zinin ("Vendor") for a purchase consideration of RM16,347,711 (net of fair value adjustment on contingent consideration of RM81,429) as follows:-

	RM
Cash consideration (inclusive of stamp duty of RM49,140)	13,909,140
Fair value of contingent consideration*	2,438,571
	<u>16,347,711</u>

* Relates to contingent consideration of RM2.52 million whereby the Vendor agrees, undertakes and guarantees that the profit after tax ("PAT") of SML for the two 12-month financial years of 31 December 2022 (Year 1) and 31 December 2023 (Year 2) shall not be less than RM2.8 million (collectively referred as "Profit Guarantee"). The Profit Guarantee amount shall be payable upon the adoption of Year 1 and 2 accounts by the shareholders and lodgement with Companies Commission of Malaysia and upon notification by writing by the Vendor.

The Vendor also granted the Company a call option for the Company to acquire all the remaining SML's shares to be held by the Vendor after completion of the acquisition representing the remaining 10% equity interest in SML for a purchase consideration of RM1,820,000 to be satisfied entirely via cash by serving written notice to the Vendor.

- (ii) On 15 September 2022, the Company acquired 510 ordinary shares in BH for cash consideration of RM510, representing 51% equity interest in BH. BH is a dormant company with an issued share capital of RM1,000 comprising of 1,000 ordinary shares.
- (iii) The effect of acquisition of subsidiaries is as follow:

	SML RM	BH RM
Property, plant and equipment	1,278,265	-
Trade receivables	1,386,679	-
Other receivables	(517,983)	-
Tax recoverable	101,021	-
Cash and bank balance	727,241	-
Trade payables	(205,759)	(4,892)
Other payables	(277,082)	(6,830)
Amounts due to Directors	(730,000)	9,792
Lease liabilities	(140,798)	-
Deferred tax liabilities	(3,750)	-
Net identifiable assets/(liabilities)	<u>1,617,834</u>	<u>(1,930)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022 (cont'd)

Acquisition of subsidiaries by the Company (cont'd)

(iii) The effect of acquisition of subsidiaries is as follow: (cont'd)

	SML RM	BH RM
Net cash flow arising from acquisition of subsidiaries		
Purchase consideration	13,909,140	510
Less: Cash and cash equivalents of the subsidiaries acquired	(727,241)	-
Net cash outflow from acquisition of subsidiaries	(13,181,899)	(510)
Goodwill arising on acquisition		
Fair value of net identifiable assets/(liabilities)	1,617,834	(1,930)
Attributable to non-controlling interest	(161,783)	946
	1,456,051	(984)
Less: Cost of business combination	(13,909,140)	(510)
Less: Fair Value of contingent consideration	(2,438,571)	-
Goodwill on consolidation (Note 11)	14,891,660	1,494

The Group is in the midst of performing the purchase price allocation to determine goodwill arising from the acquisition of SML of which the measurement period has not exceed one year from the acquisition date in accordance with MFRS 3 Business Combination Paragraph 45. Consequently, the provisional goodwill recognised as at the reporting date is subject to retrospective adjustment, if any upon completion of identification and measurement of the fair value of identifiable assets acquired and liabilities assumed.

Incorporation of subsidiary by the Company

On 28 April 2022, the Company incorporated a new wholly-owned subsidiary, SMT, with an issued share capital of RM100 comprising of 100 ordinary shares of RM1 each.

Acquisition of subsidiaries by the Group and changes in group structure

- (i) On 30 April 2022, the Company's 75% owned subsidiary, STech, acquired 7,000 ordinary shares for RM7,000 and subsequently subscribed to 350,000 ordinary shares in W&W for RM1,102,500, representing 51% equity interest of enlarged share capital in W&W for total purchase consideration of RM1,109,527 (inclusive of stamp duty of RM27) which was satisfied via cash.

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure (cont'd)

(i) The effect of acquisition of W&W is as follow:

	W&W RM
Property, plant and equipment	1,801,047
Inventories	1,318
Trade receivables	1,071,514
Other receivables	70,171
Contract assets	169,499
Tax recoverable	105,000
Cash and bank balance	49,828
Trade payables	(1,763,028)
Other payables	(205,434)
Amounts due to Directors	(314,500)
Borrowings	(2,093,298)
Lease liabilities	(293,903)
Net identifiable liabilities	(1,401,786)
Net cash flow arising from acquisition of a subsidiary	
Consideration settled in cash	1,109,527
Less: Cash and cash equivalents of the subsidiary acquired	(49,828)
Net cash outflow from acquisition of a subsidiary	(1,059,699)
Goodwill arising on acquisition	
Fair value of net identifiable liabilities	(1,401,786)
Subscription of increased share capital	1,102,500
Attributable to NCI	515,375
	216,089
Less: Cost of business combination	(1,109,527)
Goodwill on consolidation (Note 11)	893,438

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31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure (cont'd)

- (ii) On 30 June 2022, TMD, being the Company's 70% owned subsidiary, entered into a sales and purchase agreement ("SPA") with Encik Raja Ismail Bin Raja Mohamed to acquire 7,000 units of ordinary shares, representing 7% of equity interest in SMF, a 67% owned subsidiary of the Company for a purchase consideration of RM1,150,000. The Company's effective equity interest in SMF increased from 85% to 90% upon completion of the acquisition.

Effect of the increase in the Company's equity interest in SMF is as follows:

	Group 2022 RM
Fair value of consideration transferred	1,150,000
Less: Increase in share of net assets	(510,735)
Decrease in Owner's equity	<u>639,265</u>
Acquisition of non-controlling interest	510,735
Refund of share application monies	640,744
Net changes in non-controlling interest	<u>1,151,479</u>
Fair value of consideration transferred	1,150,000
Refund of share application monies	640,744
Net cash outflow for increased equity interest in a subsidiary	<u>1,790,744</u>

- (iii) On 21 April 2022, SMF incorporated Vic 3, a wholly-owned subsidiary, in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD100 (approximately RM429) comprising 100 ordinary shares of USD1 each. Subsequently, Vic 3 was transferred to MPM via the Group's internal reorganisation exercise.

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021

Acquisition of subsidiaries by the Company

- (i) On 1 March 2021, the Company acquired of 2,250,000 ordinary shares in TMD, representing 15% equity interest in TMD from Dato' Mohd Suhaimi Bin Hashim for a purchase consideration of RM11,749,792 (inclusive of stamp duty of RM35,145) which was satisfied via proceeds from issuance of ordinary shares of the Company.

With the completion of the acquisition, TMD became 70% (2020: 55%) owned subsidiary of the Company.

Effect of the increase in the Company's equity interest in TMD is as follows:

	Group 2021 RM
Fair value of consideration transferred	11,749,792
Increase in share of net assets	(2,896,769)
Excess charged directly to equity	8,853,023

- (ii) On 30 June 2021, the Company incorporated a new wholly-owned subsidiary, SBM, a dormant company with an issued share capital of RM100 comprising of 100 ordinary shares each.
- (iii) On 8 December 2021, the Company subscribed 75% of the paid up share capital of Stech for a purchase consideration of RM750.

On 8 December 2021, STech acquired 100% of the paid-up share capital of SCS representing 100 units of ordinary shares for a total purchase consideration of RM100. Subsequently on 9 December 2021, STech has subscribed and paid for RM600 SCS's shares representing 70% of the enlarged issued shares of SCS. Following the subscription, SCS become a 70% owned subsidiary of Stech.

Internal restructuring

On 1 July 2021, the Group undergone an internal restructuring exercise by transferring the Company's wholly-owned subsidiary, Eden to SMF. This involves transfer of 100 ordinary shares of USD100 (approximately RM417) each in Eden to SMF for purchase consideration of USD100 (approximately RM417). The effect of the internal transfer resulted Eden to be a 67% indirect owned subsidiary of the Company.

Changes in group structure

- (i) On 15 January 2021, Sierra, a 51% indirect owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 via SMF in Labuan.

The issued and paid-up capital of Sierra is USD100 (approximately RM403) comprising 100 ordinary shares of USD1 each.

- (ii) On 29 March 2021, FML has subscribed 70% equity interest in Victoria of RM4,200,000. Subsequently on 31 March 2021, the Company had transferred their equity interest of 49% in FML to SPM and an additional of 11% equity interest was acquired from Puan Harison Binti Yusoff for purchase consideration of RM110. Consequently, FML became the Group's 60% indirect-owned subsidiary (2020: 49% associate) via the Company's wholly-owned subsidiary, SPM.

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31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021 (cont'd)

Changes in group structure (cont'd)

(ii) The effect of changes in the equity interest of FML to the Group is as follow (cont'd):

	As at 1 April 2022 RM
Investment in a subsidiary	4,200,000
Cash and bank balance	1,618
Deposits	(190,000)
Other payables	(4,796)
Amount due to ultimate holding company	(5,336)
Amount due to a immediate holding company	(4,033,175)
Net identifiable liabilities	(31,689)
Net cash flow arising from acquisition of a subsidiary	
Consideration settled in cash	-
Less: Cash and cash equivalents of the subsidiary acquired	1,618
Net cash inflow from acquisition of a subsidiary	1,618
Goodwill arising on acquisition	
Fair value of net identifiable liabilities	(31,689)
Attributable to non-controlling interest	12,676
	(19,013)
Less: Cost of business combination	(600)
Goodwill on consolidation (Note 11)	(19,613)

Subsequently on 9 November 2021, Victoria incorporated 2 new wholly-owned subsidiaries under Labuan Companies Act 1990, namely Vic 1 and Vic 2 with issued share capital of USD100 (approximately RM415) comprising of 100 ordinary shares of USD 1 each.

- (iv) On 7 April 2021, SMS incorporated a wholly-owned subsidiary, namely SMS2 in Singapore with an issued and paid-up capital of SGD50,000 (approximately RM154,265) comprising 50,000 ordinary shares of SGD1 each. The principal activity of SMS2 is provision of ship management services.
- (v) On 18 May 2021, SMF incorporated Katsu in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD100 (approximately RM412) comprising 100 ordinary shares of USD1 each. Katsu is 51% owned by SMF.
- (vi) On 4 January 2021, TMD has disposed its wholly-owned subsidiary, Beluga to SMF. On 18 October 2021, SMF had disposed 49% equity interest of Beluga to Chan Kin Wai for purchase consideration of USD49 (approximately RM198). Consequently, Beluga became a 51% (2020: 100% owned by TMD) owned subsidiary of SMF.

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31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021 (cont'd)

Changes in group structure (cont'd)

(vi) The effect of changes in the equity interest in Beluga to the Group is as follows (cont'd):

	Group 2021 RM
Carrying amount of non-controlling interest disposed	28,333
Consideration paid to non-controlling interest	-
Increase in Owners' equity	28,333

Impairment review of investments in subsidiaries

As at 31 December 2022, the Company carried out a review of the recoverable amount of its investments in subsidiaries that having net assets which are lower than the cost of investment. The recoverable amount of subsidiaries have been determined based value-in-use ("VIU") calculation using cash flow projections from financial budgets approved by Board of Directors covering five years period and based on the impairment assessment performed, no impairment loss has been recognised on investment in subsidiaries.

The key assumptions used in the VIU cash flows projections for impairment testing purposes are as follows:-

SAT (inland transportation services)

- Pre-tax discount rate* of 9.0% (2021: 11.8%)
- Budgeted gross margin^ ranging from 10.8% to 21.1% (2021: 11.1% to 23.8%)
- Annual average growth rate@ ranging from 1.8% to 4.4% (2021: 2% to 5%)

STech (telecommunication and networking)

- Pre-tax discount rate* of 14.0%
- Budgeted gross margin^ ranging from 22.5% to 27.3%
- Revenue from projected contract value based on probability of securement ranging from 25% to 80%

(Note: The above are the key assumptions for the VIU cash flows projections of W&W which is currently STech's sole active operating subsidiary for impairment testing purposes for the Company's investment in STech)

Victoria (STS operation)

- Pre-tax discount rate* of 10.5%
- Budgeted gross margin^ ranging from 16.2% to 24.1%
- Annual average growth rate@ ranging from 1.8% to 4.2%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Impairment review of investments in subsidiaries (cont'd)

TMD (Oil bunkering shipping related services)

- Pre-tax discount rate* of 9.0% (2021: 11.8%)
- Cargo Oil targeted margin per litre ranging from RM0.06 to RM0.25 (2021: RM0.06 to RM0.25)
- Annual average growth rate@ (by volume) ranging from 0% to 6.6% (2021: 0% to 4%).

SML (shipping agency services)

- Pre-discount rate* of 10.1%
- Annual average growth rate@ ranging from 0.5% to 0.8%

* The above pre-tax discount rates were applied to the calculations in determining the recoverable amount of the CGUs. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

^ Gross margins are based on values achieved previously preceding the start of the budget period. These are increased over the budget for anticipated efficiency improvements.

@ Pre-tax cash flows projections based on the most recent financial budgets approved by the management covering a 5 years period based on the growth rate as indicated above and zero growth rate to compute terminal value.

Management believes that while cash flows projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amount of the cash-generating unit and would not cause the carrying amount to exceed its recoverable amount. Actual outcomes could vary from these estimates.

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31 December 2022

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Subsidiaries of the Group that have NCI

	NCI percentage of ownership and voting interest	(Loss)/profit allocated to NCI (RM)
2022		
SAT	30%	(708,887)
SBSB	49%	(13,047)
SMF	10%	517,173
SMS	49%	1,336,070
TMD	30%	2,541,664
MPM	49%	99,663
STech	25%	(8,504)
Victoria	58%	(2,147,964)
FML	40%	(5,354)
SCS	48%	(643,821)
SML	10%	90,504
W&W	62%	(553,935)
BH	49%	(17,299)
Sierra	49%	63,279
Beluga	49%	522,610
Katsu	49%	(267,190)
Vic 3	49%	(14,906)
		790,056

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Subsidiaries of the Group that have NCI (cont'd)

	NCI percentage of ownership and voting interest	(Loss)/profit allocated to NCI (RM)
2021		
SAT	30%	(678,589)
SBSB	49%	(122,527)
SMF	15%	351,566
SMS	49%	802,010
TMD	30%	1,238,444
MPM	49%	466,410
STech	25%	(3,445)
Victoria	58%	(1,648,500)
FML	40%	(4,215)
SCS	48%	(2,651)
Sierra	49%	(163,334)
Beluga	49%	(349,495)
Katsu	49%	(11,982)
		(126,308)

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations:

2022	SMS RM	SAT RM	TMD RM	SMF RM	SML RM	MPM RM	Victoria RM	Sierra RM	Katsu RM	Beluga RM	W&W RM	SCS RM
Assets and liabilities												
Non-current assets	3,717,707	4,383,624	36,233,103	111,484,032	2,063,786	8,924,628	13,309,286	10,389,746	9,960,553	14,099,507	1,757,638	681,177
Current assets	7,751,611	2,237,561	344,038,963	1,840,747	4,865,047	5,427,597	2,347,163	206,743	249,470	1,314,656	1,167,903	820,527
Non-current liabilities	(2,515,119)	(3,278,595)	(1,283,343)	(10,446,818)	(223,742)	(4,526,353)	(3,675,686)	-	-	(2,903,629)	(1,771,831)	(44,257)
Current liabilities	(1,970,829)	(6,032,181)	(324,789,530)	(75,269,726)	(4,182,216)	(5,669,261)	(12,333,023)	(3,784,688)	(707,320)	(7,912,585)	(2,350,056)	249,684
Net assets/(liabilities)	6,983,370	(2,689,591)	55,354,193	27,608,235	2,522,675	4,156,611	(352,280)	6,811,801	9,502,703	4,597,950	(1,196,348)	1,707,131
Results												
Revenue	7,328,517	5,864,449	3,086,449,159	17,364,570	3,314,100	13,552,755	4,255,316	1,170,012	839,080	2,471,520	1,376,297	4,058
Other comprehensive income	277,829	-	1,227,531	2,084,422	-	-	190,363	333,390	414,600	133,119	-	-
Profit/(loss) for the year, representing total comprehensive income for the year	2,726,673	(2,362,956)	8,472,214	4,302,123	905,039	203,390	(3,703,386)	129,140	(545,285)	1,066,552	(897,060)	(1,355,415)
Cash flows from:												
- Operating activities	1,604,458	(236,097)	19,285,623	4,894,087	(676,354)	3,556,534	(306,297)	(89,929)	(379,952)	1,169,952	(529,069)	(1,100,409)
- Investing activities	(2,514,516)	(6,364)	(5,779,285)	(11,157,739)	(367,458)	(1,742,700)	(544,415)	-	66	-	(14,1240)	(907,872)
- Financing activities	2,805,376	228,776	(5,680,357)	(378,198)	2,344,579	(2,510,633)	560,197	(675,252)	487,765	(1,192,210)	1,144,735	2,215,733

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations (cont'd):

	SMS	SAT	SBSB	TMD	SMF	MPM	Victoria	Sierra	Beluga
	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021									
Assets and liabilities									
Non-current assets	193,160	5,595,050	-	45,633,869	93,037,275	10,595,561	11,822,703	10,269,320	13,849,533
Current assets	6,292,278	2,439,361	6,420,980	247,310,206	2,831,113	3,928,200	2,740,762	925,246	1,265,281
Non-current liabilities	-	(4,325,312)	-	(4,536,525)	(36,115,106)	(6,329,134)	-	-	(5,974,805)
Current liabilities	(2,681,812)	(4,035,735)	(16,111)	(243,044,321)	(40,596,321)	(4,774,024)	(11,402,714)	(4,845,294)	(5,741,728)
Net assets/(liabilities)	3,803,626	(326,636)	6,404,869	45,363,229	19,156,961	3,420,603	3,160,751	6,349,272	3,398,281
Results									
Revenue	5,174,489	4,114,598	-	1,301,868,489	9,537,492	11,983,977	-	-	-
Other comprehensive income	35,811	-	-	420,058	851,592	-	-	-	-
Profit/(loss) for the year, representing total comprehensive income for the year	1,636,755	2,261,964	250,056	3,878,501	2,258,136	951,857	(2,842,242)	(333,335)	(740,041)
Cash flows from:									
- Operating activities	1,970,115	(3,240,314)	4,332,914	46,009,367	4,443,764	717,464	(2,983,854)	(15,341)	(68,584)
- Investing activities	(23,887)	(1,878)	(2,793,043)	(11,924,116)	(4,414,149)	(1,121,624)	(11,638,193)	(398,862)	(70,000)
- Financing activities	(437,138)	3,338,471	(1,371,470)	(4,283,948)	912,474	1,781,216	15,664,575	615,190	145,598

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10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At cost				
Unquoted shares				
At 1 January	15,013,149	15,013,639	15,013,149	15,013,639
Derecognition	-	(490)	-	(490)
At 31 December	15,013,149	15,013,149	15,013,149	15,013,149
Share of post-acquisition reserve				
At 1 January	10,548,607	6,304,098	-	-
Addition	6,085,475	4,244,019	-	-
Derecognition	-	490	-	-
At 31 December	16,634,082	10,548,607	-	-
Net carrying amount	31,647,231	25,561,756	15,013,149	15,013,149

Details of the associates as follows:

Name of associate	Country of incorporation	Principal activity	Effective equity interest	
			2022	2021
Fajar Maritime And Logistics Sdn. Bhd. ("FML")*	Malaysia	The company has not commenced operations		
Banle International Group Ltd ("BIG")**	British Virgin Islands	Investment holding	-	38%
CBL International Limited ("CBLIL")***	Cayman Islands	Investment holding	38%	-

* In prior financial year, the Company transferred its equity interest of 49% in FML to SPM and ceased to be an associate of the Group. Subsequently, FML became the Group's 60% indirect-owned subsidiary via the Company's wholly-owned subsidiary, SPM as disclosed in Note 9.

** On 17 February 2021, in conjunction with and as an integral part of Banle Energy International Limited ("Banle") Proposed Initial Public Offering ("IPO") at the Growth Enterprise Market ("GEM") Board of the Hong Kong Stock Exchange ("HKEX"), Banle has undertaken an internal restructuring. In this internal restructuring, both CBL (Asia) Ltd ("CBL") and the Company, being the 2 shareholders of Banle had carried out a share swap of their equity interest in Banle Energy International Limited ("Banle") for shares at equivalent percentage in BIG. Pursuant to the completion of this share-swap, Banle has become a wholly-owned subsidiary of BIG.

NOTES TO THE FINANCIAL STATEMENTS

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10. INVESTMENTS IN ASSOCIATES (cont'd)

*** However, the IPO in GEM was subsequently aborted (resulted in GEM listing expenses of RM3,124,300 (2021: Nil) borne by the Company) and a business reorganisation of BIG's legal group structure was completed in August 2022 which involved the incorporation CBLIL in February 2022 and the acquisition of BIG by CBLIL in August 2022 whereby CBLIL issued and allotted 13,175,000 and 8,075,000 shares respectively to CBL and the Company. Upon completion of the issuance of CBLIL's shares, CBLIL became 100% shareholder of BIG and in turn CBL and the Company owned 62% and 38% of CBLIL. CBLIL submitted for NASDAQ capital market listing in August 2022 and subsequent to the financial year end, CBLIL was granted listing approval and began trading on 23 March 2023. As such, the Company's effective equity interest in CBLIL diluted from 38% to 32.3% based on CBLIL's total enlarged shares of 25,000,000 upon CBLIL's listing on the NASDAQ capital market.

2021

Derecognition of associate

On 31 March 2021, the Company had transferred 49% equity interest in FML to SPM for a total consideration of RM490.

The effect of the derecognition on the financial positions of the Group and of the Company are as follows:

	Group 2021 RM	Company 2021 RM
Total derecognition proceed	490	490
Less: Cost of investment	490	490
Share of post-acquisition results	(490)	-
Net carrying amount of derecognition associate	-	490
Gain on derecognition of associate	490	-

The summarised financial information of the associates are as follows:

	CBLIL 2022 RM	BIG 2021 RM
As at 31 December		
Assets and liabilities		
Non-current assets	3,229,782	1,474,040
Current assets	103,707,161	106,278,850
Current liabilities	(57,712,722)	(75,468,744)
Non-current liabilities	(1,005,643)	(79,979)
Net assets	48,218,578	32,204,167

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*cont'd***10. INVESTMENTS IN ASSOCIATES (cont'd)****2021 (cont'd)**Derecognition of associate (cont'd)

	CBLIL	BIG
	2022	2021
	RM	RM
For the financial year ended 31 December		
Results		
Revenue	2,037,018,983	1,359,490,691
Profit for the year	11,127,541	10,378,116
Profit/(loss) for the year, representing total comprehensive income for the year	13,263,992	11,168,470
Reconciliation of associate's share of profit		
- current year	4,228,466	3,943,684
- adjustment for aborted GEM listing expenses borne by the Company as shareholder	1,045,158	-
- foreign currency translation	811,851	300,335
	6,085,475	4,244,019

The reconciliation of the associates' net assets to the carrying amount of the investments in associates are as follows:

	Group	
	2022	2021
	RM	RM
Reconciliation of net assets to carrying amount at the end of the financial year		
Group's share of net assets	18,323,060	12,237,583
Goodwill	13,324,171	13,324,171
Carrying amount in the statements of financial position	31,647,231	25,561,754

Group's share of results for the financial year ended 31 December

Profit for the financial year, representing total comprehensive income for the year	6,085,475	4,244,019
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11. GOODWILL

	Group	
	2022	2021
	RM	RM
Gross amount		
At 1 January	30,558,958	30,558,958
Addition (Note 9):-		
- SML	14,891,660	-
- BH	1,494	-
- W&W	893,438	-
- FML	-	19,613
	15,786,592	19,613
Written off	(1,494)	(19,613)
	15,785,098	-
At 31 December	46,344,056	30,558,958

During the financial year, the addition of goodwill of RM1,494 (2021: RM19,613) which arose upon the acquisition of BH (2021: FML) by the Company and the management decided to write off the goodwill as both BH and FML were in unfavorable financial positions as at date of acquisition.

Impairment testing for cash-generating units ("CGU") containing goodwill

Goodwill has been allocated to the Group's CGU identified according to subsidiary as follow:

	Group	
	2022	2021
	RM	RM
TMD	30,558,958	30,558,958
SML	14,891,660	-
W&W	893,438	-
Total	46,344,056	30,558,958

For the purpose of impairment testing, goodwill is allocated to the Group's CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Management has assessed the recoverable amount of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGUs projected based on the financial budget for 2022 and projected revenue growth covering a period of 5 years. The key assumptions used in the determination of recoverable amounts of TMD, SML and W&W are disclosed in Note 9.

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12. DEFERRED TAX LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At 1 January	4,544,199	1,117,534	-	-
Acquisition of subsidiaries (Note 9)	3,750	-	-	-
Recognised in profit or loss (Note 6)	(4,354,692)	3,426,665	-	-
At 31 December	193,257	4,544,199	-	-

Presented after appropriate set-off as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets	(2,367,144)	(1,873,999)	-	(33,566)
Deferred tax liabilities	2,560,401	6,418,198	-	33,566
	193,257	4,544,199	-	-

The components of deferred tax (assets)/liabilities during the year prior to offsetting are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets				
Unutilised tax losses	(48,597)	-	-	-
Unabsorbed capital allowances	(632,460)	(220,605)	-	(18,269)
Other deductible temporary differences	(1,686,087)	(1,653,394)	-	(15,297)
	(2,367,144)	(1,873,999)	-	(33,566)
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	1,628,464	5,224,492	-	15,297
Other taxable temporary differences	931,937	1,193,706	-	18,269
	2,560,401	6,418,198	-	33,566
	193,257	4,544,199	-	-

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12. DEFERRED TAX LIABILITIES (cont'd)

The estimated differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unutilised tax losses	11,774,900	7,394,600	3,419,400	2,579,700
Unabsorbed capital allowances	4,529,000	3,205,600	95,100	94,800
Other deductible temporary differences	589,300	400,000	600	66,700
	16,893,200	11,000,200	3,515,100	2,741,200

13. INVENTORIES

	Group	
	2022	2021
	RM	RM
At cost:		
Bunkering marine oil	45,523,404	37,713,881
Spare parts	134,161	186,180
	45,657,565	37,900,061
Inventories recognised in cost of sales	2,993,995,148	1,250,220,986

14. TRADE RECEIVABLES

	Group	
	2022	2021
	RM	RM
Gross amounts	45,184,988	53,881,153
Less: Allowance for expected credit losses		
At 1 January	(1,661,148)	(1,307,781)
Additions	(5,325,200)	(353,842)
Reversal	-	475
At 31 December	(6,986,348)	(1,661,148)
Net carrying amount	38,198,640	52,220,005

The Group's normal trade credit terms ranging from 30 to 60 days (2021: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

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*cont'd***14. TRADE RECEIVABLES (cont'd)**

Included in trade receivables is a gross amount of RM943,125 (2021: RM285,709) which were due from related parties of which certain Director of a subsidiary has substantial financial interest.

15. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-current				
Prepayments	3,128,723	-	-	-
Current				
Other receivables	124,695,511	67,308,277	18,780	22,580
Deposits	24,137,160	20,834,295	17,782	17,252
Prepayments	7,231,186	8,398,110	333,981	649,629
	156,063,857	96,540,682	370,543	689,461
	159,192,580	96,540,682	370,543	689,461

Included in other receivables of the Group are the following:

- an amount of RM122,403,916 (2021: RM66,529,660) being advance payments to suppliers for purchase of cargo oil; and
- an amount of RM1,290,000 (2021: Nil) being advance to an external party for the purpose of acquisition of launch boat.

Included in deposits of the Group are the following:

- an amount of RM18,150,000 (2021: RM18,150,000) being deposits paid for bank guarantees extended to third party supplier;
- an amount of RM2,263,500 (2021: Nil) being cargo deposit paid to third party supplier for upgrading of payment term; and
- an amount of RM983,185 (2021: RM983,185) being 10% deposit paid for acquisition of a vessel which has yet to delivered by the vendor as at reporting date.

Included in the prepayments of the Group are the following:

- an amount of RM6,383,482 (2021: RM2,353,971) which relates to reimbursable legal fees from a Director of TMD who had undertaken to indemnify the Company for a legal case involving TMD (Note 34) prior to TMD's acquisition by the Company in 2018. Out of this total, an amount of RM4,385,750 (2021: Nil) with the net present value of RM3,742,681 (2021: Nil) due from a Director of TMD that will be repaid pursuant to a repayment plan spanning a period beyond 12 months from the reporting date. The resultant fair value adjustment of RM643,069 (2021: Nil) being recognised in profit or loss represents the loss on present value estimated using a discount rate of 8% (2021: Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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*cont'd***15. OTHER RECEIVABLES (cont'd)**

The below is in respect of the reimbursable legal fees under the repayment plan arrangement:

	Group RM
2022	
Minimum payments:	
Within 1 year	822,328
More than 1 year and less than 2 years	1,096,437
More than 2 years and less than 5 years	2,466,985
	<u>4,385,750</u>
Less: Unamortised interest	(643,069)
Present value of prepayments	<u>3,742,681</u>
Present value of prepayments:	
Within 1 year	613,958
More than 1 year and less than 2 years	877,864
More than 2 years and less than 5 years	2,250,859
	<u>3,742,681</u>
Representing by:	
Current asset	613,958
Non-current asset	3,128,723
	<u>3,742,681</u>

- an amount of Nil (2021: RM768,600) which relates to prepaid dry docking procedures which has yet to be completed as at the previous reporting date. The dry docking procedures were completed during the financial year and as such capitalised and accounted for as property, plant and equipment; and
- an amount of RM786,750 (2021: RM786,750) being prepaid expenses in relation to an ongoing corporate exercise of a subsidiary.

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16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
Amounts due from subsidiaries		
- Non-current (Note a)	1,212,707	1,141,479
- Current (Note b)	32,081,280	29,372,458
Carrying amount	33,293,987	30,513,937
<i>Amount due to subsidiaries (Note b)</i>	<i>(25,923,561)</i>	<i>(21,132,888)</i>

- (a) This amount is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash. However, this amount is not expected to be settled within the twelve (12) months after the reporting date. The below is in respect of the repayment plan arrangement with a subsidiary:

	Company	
	2022	2021
	RM	RM
Minimum payments:		
More than 2 years and less than 5 years	1,500,000	1,500,000
Less : Unamortised interest	(287,293)	(358,521)
Present value of amount due from subsidiary	1,212,707	1,141,479
Present value of repayments:	1,212,707	1,141,479
More than 2 years and less than 5 years	1,212,707	1,141,479

- (b) These amounts are non-trade in nature, unsecured, interest free and are collectible/(repayable) on demand.

17. CONTRACT ASSETS/(LIABILITIES)

Contract assets primarily relates to the Group's right to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days upon satisfaction of performance obligations and payment is expected between 30 to 90 days from the invoice issuance date.

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*cont'd***17. CONTRACT ASSETS/(LIABILITIES) (cont'd)**

Contract liabilities primarily relates to amount billed to customer or deposits received from customers before a related performance obligation is satisfied by the Group.

	Group 2022 RM
At 1 January	-
Acquisition of a subsidiary (Note 9)	169,499
Revenue recognised during the year	1,376,297
Less: Progress billing during the year	(1,603,139)
At 31 December	(57,343)
Contract costs incurred to date	1,018,932
Attributable profits	357,365
	1,376,297
Less: Adjustments for completed projects	
Contract costs incurred to date	(201,159)
Attributable profits	(89,850)
	(291,009)
	1,085,288
Less: Progress billings	(1,433,640)
Adjustments for completed projects	291,009
Contract liabilities	(57,343)

18. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate of the deposit placed with licensed banks are ranging from 1.90% to 2.62% (2021: 1.65%) and has maturity period of 30 to 365 days (2021: 365 days).

Certain fixed deposit is pledged to borrowing facility granted to the Group as disclosed in Note 22(b).

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19. SHARE CAPITAL

	Group and Company		Group and Company	
	Number of Ordinary Shares		Amount	
	2022	2021	2022	2021
	Units	Units	RM	RM
Issued and fully paid:				
At 1 January	780,789,895	650,658,246	124,895,843	104,465,174
Issued during the year:				
- Private placement	91,340,000	130,131,649	13,792,340	20,430,669
- Exercise of warrants	70,012,900	-	8,051,483	-
At 31 December	942,142,795	780,789,895	146,739,666	124,895,843

On 18 February 2022, the issued and paid-up share capital of the Company was increased by RM13,792,340 by way of issuance of 91,340,000 new ordinary shares at RM0.151 each for the purpose of acquisition of 270,000 ordinary shares representing 90% equity interest in Sinar Maju Logistik Sdn Bhd.

During the financial year, 70,012,900 (2021: Nil) of the Warrants 2017/2022 ("Warrants") were exercised at an exercise price of RM0.115 per Warrant as follows:

No.	Date of Allotment	Description	No. of Warrant converted (Unit)	Share issued (Unit)	Total amount (RM)
1	7 February 2022	Warrant Conversion	59,000	59,000	6,785
2	16 March 2022	Warrant Conversion	10,000,000	10,000,000	1,150,000
3	27 June 2022	Warrant Conversion	1,000,000	1,000,000	115,000
4	1 July 2022	Warrant Conversion	1,000,000	1,000,000	115,000
5	6 July 2022	Warrant Conversion	13,020,000	13,020,000	1,497,300
6	8 July 2022	Warrant Conversion	5,600,000	5,600,000	644,000
7	19 July 2022	Warrant Conversion	905,300	905,300	104,110
8	20 July 2022	Warrant Conversion	7,244,600	7,244,600	833,129
9	28 July 2022	Warrant Conversion	91,100	91,100	10,447
10	2 August 2022	Warrant Conversion	308,000	308,000	35,420
11	4 August 2022	Warrant Conversion	13,801,200	13,801,200	1,587,138
12	9 August 2022	Warrant Conversion	1,600,000	1,600,000	184,000
13	12 August 2022	Warrant Conversion	14,422,200	12,422,200	1,428,553
14	16 August 2022	Warrant Conversion	2,767,000	2,767,000	318,205
15	18 August 2022	Warrant Conversion	194,500	194,500	22,367
				70,012,900	8,051,483

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cont'd

19. SHARE CAPITAL (cont'd)

The ordinary shares issued during the year rank pari passu in all respect with the existing issued ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

20. RESERVES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable:				
Warrants reserve [Note(a)]	-	17,625,762	-	17,625,762
Other reserve [Note(b)]	-	(17,625,762)	-	(17,625,762)
Foreign currency translation reserve [Note(c)]	4,043,633	652,911	-	-
	4,043,633	652,911	-	-
Attributable to:				
Owners of the Company	4,043,633	652,911	-	-

(a) Warrants reserve

In 2017, the Company issued 183,952,000 free detachable warrants pursuant to the renounceable rights issue with warrants on the basis of one (1) free warrant for every one (1) right shares subscribed for. Each warrants entitles the holder of the right to subscribe for one (1) new ordinary shares at an exercise price of RM0.115 per warrant.

The salient features of the warrants are as follows:

- (1) The issue date of the warrants is 11 August 2017 and the expiry date is 10 August 2022. Any warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose;
- (2) Each warrant entitles the registered holder to subscribe for one (1) new ordinary share at an exercise price of RM0.115 per ordinary share;
- (3) The warrants may be exercisable at any time within five (5) years commencing from and including the date of issuance of warrants and ending 5pm on the expiry date. The expiry date is a day falling immediately before the 5th anniversary of the date of issuance of the warrants and if such date is not a market day, then on the preceding market day;
- (4) The exercise price and the number of warrants is subject to adjustments in the event of alteration to the share capital of the Company in accordance with the provisions of Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company; and

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20. RESERVES (cont'd)

(a) Warrants reserve (cont'd)

- (5) The new ordinary shares to be issued upon exercise of warrants shall, upon allotment and issue, rank pari passu with the then existing ordinary shares, including the entitlement to dividend, rights, allotments or other distributions, except that they will not be entitled to the rights, allotments or other distributions declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The unexercised warrants has expired on 10 August 2022.

During the financial year, 70,012,900 (2021: Nil) of the Warrants 2017/2022 ("Warrants") were exercised at an exercise price of RM0.115 per Warrant. The movement of the Warrant reserve is as follows:

	Group and Company	
	2022	2021
	RM	RM
At 1 January	17,625,762	17,625,762
Exercised	(8,051,483)	-
Expired	(9,574,279)	-
At 31 December	-	17,625,762

(b) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

(c) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Labuan subsidiaries and foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

21. LEASE LIABILITIES

Group	Lease of Premises RM	Motor Vehicles RM	Total RM
2022			
Minimum lease payments:			
Within 1 year	1,591,160	2,278,408	3,869,568
More than 1 year and less than 2 years	2,731,300	1,705,207	4,436,507
More than 2 years and less than 5 years	325,060	1,883,566	2,208,626
	4,647,520	5,867,181	10,514,701
Less: Future finance charges	(320,396)	(382,660)	(703,056)
Present value of lease payables	4,327,124	5,484,521	9,811,645
Present value of lease liabilities:			
Within 1 year	1,419,501	2,066,091	3,485,592
More than 1 year and less than 2 years	2,577,692	1,588,493	4,166,185
More than 2 years and less than 5 years	329,931	1,829,937	2,159,868
	4,327,124	5,484,521	9,811,645
Representing by:			
Current liability	1,419,501	2,066,091	3,485,592
Non-current liability	2,907,623	3,418,430	6,326,053
	4,327,124	5,484,521	9,811,645

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

*cont'd***21. LEASE LIABILITIES (cont'd)**

Group (cont'd)	Lease of Premises RM	Motor Vehicles RM	Total RM
2021			
Minimum lease payments:			
Within 1 year	1,861,920	1,860,595	3,722,515
More than 1 year and less than 2 years	1,375,400	2,078,319	3,453,719
More than 2 years and less than 5 years	2,780,200	3,400,481	6,180,681
	6,017,520	7,339,395	13,356,915
Less: Future finance charges	(513,897)	(702,712)	(1,216,609)
Present value of lease payables	5,503,623	6,636,683	12,140,306
Present value of lease liabilities:			
Within 1 year	1,638,283	1,572,711	3,210,994
More than 1 year and less than 2 years	1,223,537	1,855,561	3,079,098
More than 2 years and less than 5 years	2,641,803	3,208,411	5,850,214
	5,503,623	6,636,683	12,140,306
Representing by:			
Current liability	1,638,283	1,572,711	3,210,994
Non-current liability	3,865,340	5,063,972	8,929,312
	5,503,623	6,636,683	12,140,306

Company	Motor Vehicle RM
2022	
Minimum lease payments:	
Within 1 year	38,295
Less: Future finance charges	(570)
Present value of lease payables	37,725
Present value of lease liabilities:	
Within 1 year	37,725
Representing by:	
Current liability	37,725

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

21. LEASE LIABILITIES (cont'd)

Company	Lease of Premises RM	Motor Vehicles RM	Total RM
2021			
Minimum lease payments:			
Within 1 year	88,000	65,652	153,652
More than 1 year and less than 2 years	17,000	38,285	55,285
	105,000	103,937	208,937
Less: Future finance charges	(3,004)	(3,867)	(6,871)
Present value of lease payables	101,996	100,070	202,066
Present value of lease liabilities:			
Within 1 year	85,159	62,355	147,514
More than 1 year and less than 2 years	16,837	37,715	54,552
	101,996	100,070	202,066
Representing by:			
Current liability	85,159	62,355	147,514
Non-current liability	16,837	37,715	54,552
	101,996	100,070	202,066

The effective interest rates per annum at the reporting date for the lease liabilities of the Group and the Company are ranging from 4.2% to 8.68% (2021: 3.88% to 6.72%) and 4.76% (2021: 4.84% to 4.87%) respectively.

The lease liabilities pertaining to lease of premises with net carrying amount of RM56,260 (2021: Nil) was transferred to a subsidiary during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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22. BORROWINGS

	Group	
	2022	2021
	RM	RM
Secured		
Current		
- Tawarruq working capital financing-i [(Note (a))]	111,380,317	70,693,761
- Term loans [(Note (b))]	1,626,539	181,470
- Mortgage loan [(Note (c))]	35,235	-
- Bank overdraft	538,664	-
	113,580,755	70,875,231
Non-current		
- Term loans [(Note (b))]	7,239,714	731,944
- Mortgage loan [(Note (c))]	1,155,409	-
	8,395,123	731,944
	121,975,878	71,607,175
- Tawarruq working capital financing-i	111,380,317	70,693,761
- Term loans	8,866,253	913,414
- Mortgage loan	1,190,644	-
- Bank overdraft	538,664	-
	121,975,878	71,607,175
Maturity profile of borrowings:		
Repayable within one year	113,580,755	70,875,231
Repayable between one to five years	5,483,078	731,944
Repayable more than five years	2,912,045	-
	121,975,878	71,607,175

(a) Tawarruq Working Capital Financing-i

This facility bears interest is 8% (2021: 7%) per annum and the repayment term were up to 90 days (2021: 90 days) from utilisation date. This facility is secured by the following:

- Registered legal charge by way of debenture over all the present and future assets, rights, interests and undertakings of a subsidiary, TMD;
- Registered legal charge by way of debenture over all the present and future assets, rights, interests and undertakings of a subsidiary, SMF; and
- Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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22. BORROWINGS (cont'd)

- (b) The term loans of the Group bear interest rate ranging from Singapore Overnight Rate Average ("SORA") plus 1.2% to 6.24% (2021: 6.24%) are secured by the following:
- (i) Corporate guarantee by the Company and a subsidiary's Director related company;
 - (ii) Fixed deposit of RM500,000 (Note 18); and
 - (iii) Third party first priority mortgage over the certain vessels registered at the relevant Jabatan Laut.
- (c) The mortgage loan of the Group bears interest rate of Bank Financing Rate ("BFR") minus 2% (2021: Nil) is secured by the following:
- First party open legal charge over the freehold land and building as disclosed in Note 8(b);
 - Assignment of Mortgage Reducing Term Takaful; and
 - Individual guarantee by a subsidiary's Director.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group are ranging from cash in advance to 30 days (2021: cash in advance to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade payables is an amount of Nil (2021: RM1,206,978) which were due to related parties of which certain Directors of the Company have substantial financial interests.

24. OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-current				
Vendor financing liabilities (Note a)	10,446,818	22,114,730	-	-
Current				
Other payables	14,632,957	7,115,592	5,650,715	97,642
Accruals	118,477,765	77,789,975	664,345	671,839
Amounts due to Directors	2,337,255	1,100,123	81,142	-
Vendor financing liabilities (Note a)	13,147,585	12,969,582	-	-
	148,595,562	98,975,272	6,396,202	769,481
	159,042,380	121,090,002	6,396,202	769,481

Included in the other payables of the Group and of the Company is an amount of RM3,124,300 (2021: Nil) being share of expenses for the associate's aborted proposed IPO at the GEM Board of HKEX as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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24. OTHER PAYABLES (cont'd.)

Included in the other payables of the Group are the following:

- an amount of RM110,572 (2021: RM1,902,544) owing to vendors pertaining to acquisition of the Group's property, plant and equipment. Included in this amount is an amount of RM110,572 (2021: RM1,079,531) were due to related parties of which certain Directors of subsidiaries have substantial financial interests and shareholder of certain subsidiaries;
- an amount of RM324,670 (2021: RM145,375) which relates to payment on behalf by related parties of which certain Directors of a subsidiary have substantial financial interests; and
- an amount of RM2,438,571 (2021: Nil) being contingent consideration payable to the Vendor upon satisfaction of Profit Guarantee terms for the acquisition of SML as disclosed in Note 9.

Included in accruals of the Group is an amount of RM110,624,896 (2021: RM70,937,793) which relates to accrued purchases of cargo oil of which suppliers' invoices were yet to be received as at the reporting date.

Note a

The Group has entered into Memorandum of Agreement ("MOA") with third parties (hereinafter "Vendor") for financing arrangement for the purchase of oil tankers (SMF Begonia Ltd, SMF Ixora Ltd, SMF Eden Maritime Ltd and SMF Beluga Ltd). The salient terms of the agreements are as follows:

SMF Begonia Ltd:

- The first component is a sum of USD900,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on the date of the signing of MOA;
- For the second component (hereinafter "Second Component"), the Group shall pay the Vendor a sum of USD60,000 per month of the 28th day of each month beginning from the first to the 60th calendar months after the date of the signing of MOA. The first instalment was due on 29 July 2019; and
- For the third component (hereinafter "Third Component"), the Group shall pay the Vendor a final lump sum of USD800,000 on the 1st day of 61st calendar month after the date of the signing of MOA.

SMF Ixora Ltd:

- The first component is a sum of USD1,300,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on 16 September 2019;
- For the second component (hereinafter "Second Component"), the Group shall pay the Vendor a sum of USD600,000 in three separate payments. USD200,000 each on the 16th day of 1st, 2nd and 3rd calendar month after the date of the signing of MOA on 12 September 2019. These payments were due on 16 October 2019, 16 November 2019 and 16 December 2019 respectively; and
- For the third component (hereinafter "Third Component"), the Group shall pay the Vendor a sum of USD64,920 per month on the 16th day of each month beginning from the fourth to the 59th calendar months after the date of the signing of MOA. The first instalment is due on 16 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER PAYABLES (cont'd)

Note a (cont'd)

SMF Eden Maritime Ltd:

- (i) The first component is the sum of USD550,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on 17 September 2020 and 29 September 2020;
- (ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor the sum of USD100,000 per month beginning from the first to the 35th calendar months after the date of the vessel being delivered; and
- (iii) For the third component (hereinafter "Third Component"), the Group shall pay the Vendor the sum of USD550,000 in on the date falling thirteen months from the delivery date of the vessel.

SMF Beluga Ltd:

- (i) The first component is the sum of USD1,000,000 (hereinafter "First Component"). The First Component was paid by certain shareholders of the Group through capital contribution and the Company to the Vendor on 18 October 2021 and 8 November 2021;
- (ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor the sum of USD70,000 per month beginning from the first to the 35th calendar months after the date of the vessel being delivered; and
- (iii) For the third component (hereinafter "Third Component"), the Group shall pay the Vendor the sum of USD50,000 in on the date falling 36th calendar months from the delivery date of the vessel.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

*cont'd***24. OTHER PAYABLES (cont'd)****Note a (cont'd)**

Group	SMF Begonia Ltd RM	SMF Ixora Ltd RM	SMF Eden Maritime Ltd RM	SMF Beluga Ltd RM	Total RM
2022					
Minimum payments:					
Within 1 year	3,160,800	3,704,984	3,512,000	3,687,600	14,065,384
More than 1 year and less than 2 years	5,092,402	2,563,058	-	2,985,200	10,640,660
	8,253,202	6,268,042	3,512,000	6,672,800	24,706,044
Less: Future finance charges	(246,128)	(421,155)	(69,132)	(375,226)	(1,111,641)
Present value of vendor financing payables	8,007,074	5,846,887	3,442,868	6,297,574	23,594,403
Present value of vendor financing payables					
Within 1 year	2,944,898	3,365,874	3,442,868	3,393,945	13,147,585
More than 1 year and less than 2 years	5,062,176	2,481,013	-	2,903,629	10,446,818
	8,007,074	5,846,887	3,442,868	6,297,574	23,594,403
Representing by:					
Current liability	2,944,898	3,365,874	3,442,868	3,393,945	13,147,585
Non-current liability	5,062,176	2,481,013	-	2,903,629	10,446,818
	8,007,074	5,846,887	3,442,868	6,297,574	23,594,403

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER PAYABLES (cont'd)

Note a (cont'd)

Group (cont'd)	SMF Begonia Ltd RM	SMF Ixora Ltd RM	SMF Eden Maritime Ltd RM	SMF Beluga Ltd RM	Total RM
2021					
Minimum payments:					
Within 1 year	2,998,800	3,244,702	4,998,000	3,498,600	14,740,102
More than 1 year and less than 2 years	2,998,800	3,244,702	3,332,000	3,498,600	13,074,102
More than 2 years and less than 5 years	4,831,400	2,431,697	-	2,832,200	10,095,297
	10,829,000	8,921,101	8,330,000	9,829,400	37,909,501
Less: Future finance charges	(634,992)	(970,378)	(382,596)	(837,223)	(2,825,189)
Present value of vendor financing payables	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312
Present value of vendor financing payables					
Within 1 year	2,597,323	2,673,893	4,680,994	3,017,372	12,969,582
More than 1 year and less than 2 years	2,793,964	2,922,972	3,266,410	3,219,995	12,203,341
More than 2 years and less than 5 years	4,802,721	2,353,858	-	2,754,810	9,911,389
	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312
Representing by:					
Current liability	2,597,323	2,673,893	4,680,994	3,017,372	12,969,582
Non-current liability	7,596,685	5,276,830	3,266,410	5,974,805	22,114,730
	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312

The effective interest rates per annum on the above vendor financing arrangements are ranging from 5.24% to 7.93% (2021: 5.24% to 7.93%).

All the vessels under vendor financing liabilities are pledged for borrowing facilities granted to the Group as disclosed in Note 22(a).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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25. DIVIDEND

	2022
Group and Company	RM
Final single tier tax exempt dividend for financial year ended 31 December 2021, 0.2 sen per ordinary share (paid on 18 July 2022)	1,764,377
	2021
Group	RM
Interim single tier tax exempt interim dividend for financial year ended 31 December 2021:	
RM3.67 per ordinary share (paid on 20 August 2021) to non-controlling interests by a subsidiary	539,000

26. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, associates, related parties and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

(b) Related party transactions

	2022	2021
	RM	RM
Group		
Transactions with associates		
Repayment to	-	(842,730)
Repayment from	-	23,980

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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26. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

	2022 RM	2021 RM
Group (cont'd)		
Transactions with related parties		
Sales	(5,939,232)	(2,648,943)
Purchases	366,915	-
Short term lease or low value assets:		
- equipment	1,842,018	-
- office	60,000	60,000
Consultancy fee paid/payable	177,793	-
Shipping agency services	-	7,811,700
Payment on behalf	462,205	-
Advances from/(repayment to)	2,442,687	(2,490,193)
Directors		
Reimbursable legal fees	4,029,511	2,353,971
Advances from/(repayment to)	192,632	(471,113)
	2022 RM	2021 RM
Company		
Transactions with associates		
Repayment from	-	23,980
Director		
Advance from/(repayment to)	81,142	(35,017)
Transactions with subsidiaries		
Capital contribution	(2,093,183)	(358,521)
Dividend received	-	5,511,000
Management fees received/receivable	1,155,000	1,104,000
Transfer of:		
- lease liabilities	56,260	-
- property, plant and equipment	(370,948)	-
Advances to	(2,780,050)	(4,859,645)
Advances from	5,252,673	424,779

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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26. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

Information regarding outstanding balances arising from related party transaction as at reporting date are disclosed in Notes 14, 15, 16, 23 and 24 respectively.

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel is referring to all the Directors of the Group.

Remuneration paid by the Group and the Company to key management personnel during the financial year is disclosed in Note 5(a).

27. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

Investment holding	Provision of management services.
Oil bunkering and shipping related services	<p>This segment includes oil trading and bunkering services and its ancillary support services which is vessels management services, chartering services and shipping agency services.</p> <ul style="list-style-type: none"> • <i>Oil trading and bunkering services</i> involves the provision of refuelling marine gas oil and marine fuel oil through vessels to other ships and ocean faring vessels such as container vessels, cargo vessels and oil tankers. In essence, oil bunkering services entail the offering of marine logistics and marine supports services to companies mainly in the fields of marine transportation and oil and gas industries. • <i>Vessels management services</i> involves the provision of the vessel and marine management services. • <i>Chartering services</i> involves vessels chartering services for oil trading and bunkering. • <i>Shipping agency services</i> involves the provision of shipping agency and related services.
Inland transportation services	Transportation of cement and related products.
STS operations	Involves the cargo transfer operations between 2 seagoing vessels.
Port operation and facility management services	Carries out port operation such as mooring, unmooring, berthing of vessels, cargo handling charges, storage charges, container lifting charges, use of yard for stuffing and unstuffing.
Telecommunication and networking	Involves the provision of solutions, dealing with all kinds of products and services in telecommunication from infrastructure, networking, maintenance, software and hardware and related services.
Others	Dormant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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27. OPERATING SEGMENTS (cont'd)

2022												
Profit or loss												
Revenue from												
external customers		-	3,086,176,259	5,864,449	13,171,003	4,159,416	1,380,355	-	3,110,751,482	-	3,110,751,482	-
Inter-segment revenue	(a)	3,535,811	30,286,604	-	381,753	95,900	-	-	34,300,068	(34,300,068)	-	-
Total revenue		3,535,811	3,116,462,863	5,864,449	13,552,756	4,255,316	1,380,355	-	3,145,051,550	(34,300,068)	3,110,751,482	
Results												
Interest income		2,987	54,537	23	11,223	-	737	-	69,507	-	69,507	
Interest expense		(7,388)	(8,584,051)	(273,019)	(421,518)	(69,934)	(69,073)	-	(9,424,983)	71,228	(9,353,755)	
Depreciation of property, plant and equipment		(256,571)	(13,462,646)	(969,489)	(2,768,432)	(1,181,472)	(334,632)	-	(18,973,242)	-	(18,973,242)	
Share of results of associates before tax		-	-	-	-	-	-	-	-	6,649,971	6,649,971	
Other non-cash income/ (expenses)	(b)	96,740	(7,076,241)	(229,680)	(21,481)	143,021	(357,873)	1,166	(7,444,348)	(1,494)	(7,445,842)	
Segment (loss)/profit before tax	(c)	(4,656,479)	18,135,693	(3,562,956)	917,404	(3,716,769)	(2,302,655)	(123,851)	4,690,387	5,326,013	10,016,400	
Segment assets												
Investments in associates		15,013,149	7,063,928	-	-	-	-	-	22,077,077	9,570,154	31,647,231	
Additions to non-current assets		518,286	50,503,826	6,364	1,097,070	2,192,467	972,400	-	55,290,413	(21,140,310)	34,150,103	
Segment assets	(d)	143,203,128	517,770,201	6,621,185	20,083,279	15,657,977	5,573,589	546,606	709,455,965	(145,550,759)	563,905,206	
Segment liabilities												
	(e)	8,323,601	417,575,618	9,310,776	10,544,409	16,274,178	4,484,743	91,962	466,605,287	(79,709,224)	386,896,063	

NOTES TO THE FINANCIAL STATEMENTS

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27. OPERATING SEGMENTS (cont'd)

	Note	Investment holding	Oil trading, bunkering and fresh water services	Ship management services	Chartering services	Inland transportation services	Port management and facility services	Others	Total	Adjustments & Eliminations	Group
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021											
Profit or loss											
Revenue from external customers		-	1,301,868,489	1,056,316	-	4,114,598	11,983,977	-	1,319,023,380	-	1,319,023,380
Inter-segment revenue	(a)	7,035,009	-	4,118,173	10,871,907	-	-	-	22,025,089	(22,025,089)	-
Total revenue		7,035,009	1,301,868,489	5,174,489	10,871,907	4,114,598	11,983,977	-	1,341,048,469	(22,025,089)	1,319,023,380
Results											
Interest income		916	30,385	5,231	-	71	2,543	-	39,146	-	39,146
Interest expense		(10,713)	(4,620,331)	(9,957)	(1,765,518)	(228,618)	(425,903)	(1,170)	(7,062,210)	(320,058)	(7,382,268)
Depreciation of property, plant and equipment		(231,220)	(5,560,363)	(244,102)	(4,257,603)	(957,395)	(2,653,450)	(27,533)	(13,931,666)	-	(13,931,666)
Share of results of associates		-	623,014	-	-	-	-	-	623,014	4,363,356	4,986,370
Other non-cash (expenses)/income	(b)	928,545	1,688,324	(16,423)	(448,953)	-	(173,834)	(217,943)	1,759,716	460,921	2,220,637
Segment (loss)/profit before tax	(c)	2,684,216	7,691,366	1,833,357	2,031,000	(2,261,964)	(1,590,612)	(294,673)	10,092,690	(416,012)	9,676,678
Segment assets											
Investments in associates		15,013,149	4,240,832	-	-	-	-	-	19,253,981	6,307,775	25,561,756
Additions to non-current assets		329,497	5,516,884	23,887	36,586,233	392,244	12,929,468	-	55,778,213	(8,815,579)	46,962,634
Segment assets	(d)	141,781,298	292,944,075	6,485,438	102,089,966	8,034,411	29,089,485	7,327,664	587,752,337	(140,313,452)	447,438,885
Segment liabilities											
	(e)	22,612,261	242,311,260	2,412,800	77,149,937	8,361,047	26,622,669	150,103	379,620,077	(89,049,401)	302,214,889

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*cont'd***27. OPERATING SEGMENTS (cont'd)**

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other material non-cash expense/(income) consist of the following items as presented in the respective notes:

	Group	
	2022	2021
	RM	RM
Allowance for expected credit losses on trade receivables	5,325,200	353,842
Fair value adjustment on other receivable	643,069	-
Reversal of allowance for expected credit losses on trade receivables	-	(475)
Bad debts written off	622,898	41,622
Deposits written off	-	140,000
Shortfall on profit guarantee	-	(1,019,038)
Other receivables written off	-	186,200
Gain on derecognition of an associate	-	(490)
Gain on insurance compensation for property, plant and equipment	(3,570)	-
Goodwill written off	1,494	19,613
Property, plant and equipment written off	233,250	1,595
Unrealised loss/(gain) on foreign exchange	623,501	(1,943,506)
	7,445,842	(2,220,637)

- (c) The following items are added to/(deducted from) segment profit/(loss) before tax to arrive at profit before tax presented in the consolidated statements of comprehensive income:

	Group	
	2022	2021
	RM	RM
Share of results of an associate	6,649,971	4,986,370
Other income	(1,323,958)	(5,402,382)
	5,326,013	(416,012)

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*cont'd***27. OPERATING SEGMENTS (cont'd)**

(d) Reconciliation of assets:

	Group	
	2022	2021
	RM	RM
Segment assets	709,455,965	587,752,337
Adjustment on consolidation of subsidiaries	(125,256,345)	(98,181,696)
Investments in associates	16,634,082	10,548,607
Goodwill	45,450,618	30,558,958
Property, plant and equipment	(12,026)	(12,026)
Inter-segment balances	(82,367,088)	(83,227,295)
Total assets	563,905,206	447,438,885

(e) Reconciliation of liabilities:

	Group	
	2022	2021
	RM	RM
Segment liabilities	466,605,287	379,620,077
Deferred tax liabilities	193,257	4,544,199
Tax payables	2,464,607	1,277,908
Inter-segment balances	(82,367,088)	(83,227,295)
Total liabilities	386,896,063	302,214,889

Geographical segments

The Group's operations are located in Malaysia and Singapore. However, revenue generated from Singapore operation as at financial year ended was less than 1% (2021: less than 1%) of the Groups' total revenue and therefore, information on geographical segment is not presented.

Major customers

The following is the Group's major customer with revenue equal or more than 10% of Group's total revenue.

	External Revenue		
	2022	2021	
	RM	RM	Segment
Customer A	2,817,210,734	918,112,990	Oil trading and bunkering services

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

28. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting date.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis. As at the reporting date, the Group has significant concentration of credit risk arising from the amounts owing from 4 customers (2021: 4 customers) constituting 79% (2021: 68%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

The Group applies the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group assesses impairment of trade receivables on individual basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

Consistent with debt recovery process, invoices which are past due between 30 to 180 days (2021: 90 to 210 days) after the lapse of credit term granted by the Group will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Oil bunkering and shipping related services

Group	Gross	Loss	Net
2022	RM	Allowances RM	RM
Not past due	30,606,486	-	30,606,486
Past due:			
1 to 30 days	19,666	-	19,666
31 to 60 days	133,789	-	133,789
61 to 90 days	70,747	-	70,747
More than 90 days	359,927	-	359,927
	31,190,615	-	31,190,615
Credit impaired			
Individually impaired	8,876,142	(6,315,024)	2,561,118
	40,066,757	(6,315,024)	33,751,733
2021			
Not past due	25,623,431	-	25,623,431
Past due:			
1 to 30 days	2,690,327	-	2,690,327
31 to 60 days	4,569,259	-	4,569,259
61 to 90 days	3,324,348	-	3,324,348
More than 90 days	8,764,760	(26,685)	8,738,075
	44,972,125	(26,685)	44,945,440
Credit impaired			
Individually impaired	6,053,929	(1,321,473)	4,732,456
	51,026,054	(1,348,158)	49,677,896

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Other business segments

Group	Gross	Loss	Net
2022	RM	Allowances RM	RM
Not past due	2,901,840	-	2,901,840
Past due:			
1 to 30 days	971,754	-	971,754
31 to 60 days	427,693	-	427,693
More than 90 days	59,810	-	59,810
	4,361,097	-	4,361,097
Credit impaired			
Individually impaired	757,134	(671,324)	85,810
	5,118,231	(671,324)	4,446,907
2021			
Not past due	1,881,665	-	1,881,665
Past due:			
1 to 30 days	581,825	-	581,825
31 to 60 days	77,875	-	77,875
61 to 90 days	300	-	300
More than 90 days	444	-	444
	2,542,109	-	2,542,109
Credit impaired			
Individually impaired	312,990	(312,990)	-
	2,855,099	(312,990)	2,542,109

The movements in the allowance for impairment in respect of trade receivables during the year is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Credit impaired

Oil bunkering and shipping related services

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties, have defaulted on payments between 30 to 90 days (2021: 30 to 210 days) past due after the lapse of credit term granted and with partial or no subsequent settlement. These receivables are not secured by any collateral or credit enhancements. Certain trade debtors of the Group with gross amount of RM5.1 million (2021: RM5.1 million) inclusive of late interest charges, had been outstanding for more than one year and are currently undergoing a Scheme of Arrangement ("SOA") with their creditors for settlement of the amounts due. Accordingly, the Group has provided for additional allowance for impairment totalling RM4.46 million (2021: RM0.4 million) in view of the significant increase in credit risk due to the uncertainty of the recoverability of the outstanding amounts pending outcome of the SOA.

Other business segments

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties, have defaulted on payments between 30 to 180 days (2021: 30 to 180 days) past due after the lapse of credit term granted and with partial or no subsequent settlement. These receivables are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

The Group has not provided allowance for expected losses on these trade debtors as there have been no significant changes in their credit qualities and the amounts are still considered recoverable. These trade debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and outstanding balances usually settled within the 30 to 180 days (2021: 90 to 210 days) past due after lapsed of credit term granted. The Group does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivable. As at reporting date, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has provided allowances for expected credit losses on these amounts as disclosed in Note 15.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the reporting date, there were no indications of impairment loss in respect of amounts due from subsidiaries. The Company does not specifically monitor the ageing of the current advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Financial guarantee

The Company provides financial guarantee to bank in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM112,380,317 (2021: RM71,693,761) representing outstanding banking facilities of the subsidiaries at the end of the reporting date. The financial guarantee is provided as credit enhancements to the subsidiaries' banking facilities.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay their credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and having deficits in shareholders' fund.

This financial guarantee is subject to the impairment requirements under MFRS 9. There was no indication that the subsidiaries which were granted with the banking facilities (Notes 22) would default on repayment. The Company assessed that its subsidiaries' borrowing are secured by assets and hence, does not expect significant credit loss arising from the financial guarantee granted.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing liabilities.

In respect of interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the period, in which they reprice or mature, whichever is earlier.

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2022	2021
	RM	RM
Floating rate instruments		
Term loans	8,866,253	913,414
Mortgage loan	1,190,644	-
Bank overdraft	538,664	-
Tawarruq Working Capital Financing-i	111,380,317	70,693,761
	<u>121,975,878</u>	<u>71,607,175</u>

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fixed rate instruments				
Lease liabilities	9,811,645	12,140,306	37,725	202,066
Vendor financing liabilities	23,594,403	35,084,312	-	-
	<u>33,406,048</u>	<u>47,224,618</u>	<u>37,725</u>	<u>202,066</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	(Decrease)/increase in profit net of tax/equity	
	2022	2021
	RM	RM
Group		
Effect on profit net of tax/equity		
Increase of 100 basis points	(927,017)	(544,215)
Decrease of 100 basis points	927,017	544,215

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis

The table below shows the maturity profile of the Group's financial liabilities as at the end of the reporting date based on undiscounted contractual payments:

	Carrying amount	Total Contractual cash flows	Contractual cash flows			
			On demand or within 1 year	1 to 2 years	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM	RM
Group						
2022						
Trade payables	93,350,953	93,350,953	93,350,953	-	-	-
Other payables	159,042,380	160,154,021	149,513,361	10,640,660	-	-
Lease liabilities	9,811,645	10,514,701	3,869,568	4,436,507	2,208,626	-
Borrowings						
- Tawarruq Working Capital Financing-i	111,380,317	120,290,742	120,290,742	-	-	-
- Term loans	8,866,253	10,485,551	2,127,352	2,127,352	3,919,367	2,311,480
- Mortgage loan	1,190,644	1,848,520	89,268	89,268	267,804	1,402,180
- Bank overdraft	538,664	538,664	538,664	-	-	-
	384,180,856	397,183,152	369,779,908	17,293,787	6,395,797	3,713,660

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below shows the maturity profile of the Group's financial liabilities as at the end of the reporting date based on undiscounted contractual payments (cont'd):

	Carrying amount	Total Contractual cash flows	← Contractual cash flows →		
			On demand or within 1 year	1 to 2 years	2 to 5 years
	RM	RM	RM	RM	RM
Group (cont'd)					
2021					
Trade payables	91,555,299	91,555,299	91,555,299	-	-
Other payables	121,090,002	123,915,191	100,745,792	13,074,102	10,095,297
Lease liabilities	12,140,306	13,356,915	3,722,515	3,453,719	6,180,681
Borrowings					
- Tawarruq Working Capital Financing-i	70,693,761	75,642,324	75,642,324	-	-
- Term loans	913,414	1,050,008	233,335	233,335	583,338
	296,392,782	305,519,737	271,899,265	16,761,156	16,859,316

	Carrying amount	Total Contractual cash flows	← Contractual cash flows →	
			On demand or within 1 year	1 to 2 years
	RM	RM	RM	RM
Company				
2022				
Other payables	6,396,202	6,396,202	6,396,202	-
Amounts due to subsidiaries	25,923,561	25,923,561	25,923,561	-
Lease liabilities	37,725	38,295	38,295	-
Financial guarantees*	-	112,380,317	112,380,317	-
	32,357,488	144,738,375	144,738,375	-

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31 December 2022

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below shows the maturity profile of the Company's financial liabilities as at the end of the reporting date based on undiscounted contractual payments (cont'd):

	Carrying amount	Total Contractual cash flows	← Contractual cash flows →	
			On demand or within 1 year	1 to 2 years
	RM	RM	RM	RM
Company (cont'd)				
2021				
Other payables	769,481	769,481	769,481	-
Amounts due to subsidiaries	21,132,888	21,132,888	21,132,888	-
Lease liabilities	202,066	208,937	153,652	55,285
Financial guarantees*	-	71,693,761	71,693,761	-
	22,104,435	93,805,067	93,749,782	55,285

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily Euro ("EURO"), Pound Sterling ("GBP"), United States Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at end of the reporting date was:

	EURO RM	GBP RM	USD RM	SGD RM	HKD RM
Group					
2022					
Cash at banks	-	-	33,636,133	-	-
Trade receivables	-	-	24,477,532	783,701	-
Other receivables	-	-	119,886,691	173,012	-
Trade payables	-	-	(1,316,989)	-	-
Other payables	-	(267,222)	(4,313,288)	(180,448)	(251,760)
	-	(267,222)	172,370,079	776,265	(251,760)
2021					
Cash at banks	2,199	-	23,859,019	-	-
Trade receivables	-	-	34,185,388	699,428	-
Other receivables	-	-	24,791	55,889	-
Trade payables	-	-	(1,812,333)	-	-
Other payables	-	(155,097)	(1,114,762)	(226,178)	(251,760)
	2,199	(155,097)	55,142,103	529,139	(251,760)

The Company's exposure to foreign currency risk, based on carrying amounts as at end of the reporting date was:

	USD RM
Company	
2022	
Amounts due from subsidiaries	106,711
Cash at banks	2,512
Other payables	(3,124,300)
	(3,015,077)

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28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

The Company's exposure to foreign currency risk, based on carrying amounts as at end of the reporting date was (cont'd):

	USD
	RM
Company (cont'd)	
2021	
Amounts due from subsidiaries	346,503
Cash at banks	2,384
	<u>348,887</u>

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group and the Company against the foreign currencies at the end of the reporting date would have (decreased)/increased profit after/(loss) tax and equity by the amounts shown below:

	(Decrease)/increase in Profit net of tax/equity	
	2022	2021
Group	RM	RM
Effect on profit net of tax/equity		
RM/HKD - Strengthened by 10% (2021: 10%)	19,134	19,134
- Weakened by 10% (2021: 10%)	(19,134)	(19,134)
RM/GBP - Strengthened by 10% (2021: 10%)	20,309	11,787
- Weakened by 10% (2021: 10%)	(20,309)	(11,787)
RM/USD - Strengthened by 10% (2021: 10%)	(13,100,126)	(4,190,800)
- Weakened by 10% (2021: 10%)	13,100,126	4,190,800
RM/EURO - Strengthened by 10% (2021: 10%)	-	(167)
- Weakened by 10% (2021: 10%)	-	167
RM/SGD - Strengthened by 10% (2021: 10%)	(58,996)	(40,215)
- Weakened by 10% (2021: 10%)	58,996	40,215

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(v) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis (cont'd)

A 10% strengthening/weakening of the functional currency of the Group and the Company against the foreign currencies at the end of the reporting date would have (decreased)/increased profit/(loss) after tax and equity by the amounts shown below: (cont'd)

	(Decrease)/ Increase in (Loss)/profit net of tax	
	RM 2022	RM 2021
Company		
Effect on (loss)/profit net of tax		
RM/USD - Strengthened by 10% (2021: 10%)	(229,146)	26,515
- Weakened by 10% (2021: 10%)	229,146	(26,515)
Effect on (loss)/profit		
RM/USD - Strengthened by 10% (2021: 10%)	(229,146)	(26,515)
- Weakened by 10% (2021: 10%)	229,146	26,515

29. FAIR VALUE INFORMATION

Financial instrument at fair value

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of short-term payables, receivables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and the insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximates their fair value as the loans be re-priced to market interest rate on or near reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

30. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company monitor capital using net-debt-to-equity ratio which is the net debt divided by total capital. Net debt includes Tawarruq Working Capital Financing-I, term loans, mortgage loan, bank overdraft and lease liabilities, less cash and bank balances whilst total capital is equity attributable to Owners of the Company.

The net debts-to-equity ratios at end of the reporting date were:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Lease liabilities (Note 21)	9,811,645	12,140,306	37,725	202,066
Borrowings (Note 22)	121,975,878	71,607,175	-	-
	131,787,523	83,747,481	37,725	202,066
Less: Fixed deposits with licensed banks	(4,511,326)	(500,000)	-	-
Less: Cash and bank balances	(56,316,729)	(46,599,323)	(1,150,757)	(345,088)
Net debts/(cash)	70,959,468	36,648,158	(1,113,032)	(143,022)
Total equity attributable to Owners of the Company	159,670,723	130,861,496	133,882,903	118,900,142
Debts-to-equity ratio	44.44%	28.00%	NA	NA

NA - Not meaningful

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group is required to comply with the following financial covenants in relation to the Group's term loan facility (Note 22(b)):

- External gearing ratio calculated annually and not exceeding two (2) times; and
- Shall not without the prior written consent of the bank on declaration and payment of any dividends whereas the amount of all such dividends declared or paid in the financial year exceeds or will exceed profit after tax for the financial year.

The Group has complied with the above externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

31. CAPITAL COMMITMENT

	Group	
	2022	2021
	RM	RM
Approved and contracted for:		
Office renovation	212,810	-
Acquisition of vessels	16,068,860	8,848,665
Approved but not contracted for:		
Dry-docking expenditures	2,319,515	1,731,400

32. SIGNIFICANT EVENTS

The significant events during the financial year are as follows:

- (i) On 1 April 2022, the Company completed the acquisition of 270,000 ordinary shares in SML, representing 90% equity interest in SML (inclusive of wholly-owned subsidiary, SMM) from the Vendor for a purchase consideration of RM16,347,711. The Vendor also granted the Company a call option for the Company to acquire all the remaining SML's shares to be held by the Vendor after completion of the acquisition representing the remaining 10% equity interest in SML for a purchase consideration of RM1,820,000 to be satisfied entirely via cash by serving written notice to the Vendor.
- (ii) On 7 April 2022, the Company proposed to consolidate every 2 existing shares held by the shareholders of the Company, on an entitlement date to be determined and announced later into 1 consolidated share. However, the proposal has been aborted on 28 September 2022.
- (iii) On 30 April 2022, the Company's 75% owned subsidiary, STech, acquired 7,000 ordinary shares for RM7,000 and subsequently subscribed to 350,000 ordinary shares in W&W for RM1,102,500, representing 51% equity interest of enlarged share capital in W&W for total purchase consideration of RM1,109,527 (after deducting stamp duty of RM27) which was satisfied via cash. Upon completion of this subscription, W&W became 51% owned subsidiary of STech.
- (iv) On 22 April 2022, the Board of Directors approved and declared a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021.
- (v) On 28 April 2022, the Company incorporated a new wholly-owned subsidiary, SMT, with an issued share capital of RM100 comprising of 100 ordinary shares of RM1 each.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

33. SUBSEQUENT EVENTS

- (i) The IPO exercise for BIG was aborted during the financial year and a business reorganisation of BIG's legal group structure was completed in August 2022 which involved the incorporation CBLIL in February 2022 and the acquisition of BIG by CBLIL in August 2022 whereby CBLIL issued and allotted 13,175,000 and 8,075,000 shares respectively to CBL and the Company. Upon completion of the issuance of CBLIL's shares, CBLIL became 100% shareholder of BIG and in turn CBL and the Company owned 62% and 38% of CBLIL. CBLIL submitted for NASDAQ capital market listing in August 2022 and subsequent to the financial year end, CBLIL was granted listing approval and began trading on 23 March 2023. As such, the Company's effective equity interest in CBLIL diluted from 38% to 32.3% based on CBLIL's total enlarged shares of 25,000,000 upon CBLIL's listing on the NASDAQ capital market.
- (ii) On 16 December 2022, the Company announced that its 75% owned subsidiary, STech, had entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 350,000 ordinary shares in Macro Lynx Sdn Bhd ("Macro Lynx"), representing 70% equity interest in Macro Lynx for a purchase consideration of RM700,000.00 to be fully satisfied via cash ("Proposed Acquisition"). The proposed acquisition was completed on 3 March 2023.
- (iii) On 4 January 2023, the Company announced its intention to undertake a proposed diversification of the existing principal activities of the Company and its subsidiaries to include telecommunication and network services ("Proposed Diversification"). An Extraordinary General Meeting ("EGM") has been convened on 27 March 2023 and the proposed resolution was passed by the shareholders by way of poll.
- (iv) On 15 April 2023, Vic 3, a wholly-owned indirect subsidiary of the Company, was transferred to Victoria due to the Group's internal reorganisation exercise.

34. MATERIAL LITIGATION / ARBITRATION

Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and TMD ("the Respondent").

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgement for USD937,353 with interest and cost of which TMD has disputed jurisdiction. Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

cont'd

34. MATERIAL LITIGATION / ARBITRATION (cont'd)

The High Court Judge dismissed the application for issues to be tried and TMD has since filed an Appeal against this decision. TMD has also since applied to stay the proceedings pending disposal of the Appeal and the application for stay of proceedings is fixed for case management on 26 January 2022.

The hearing for stay of Setting Aside Application pending the Appeal was held and stay was granted. The record of Appeal was duly filed on 18 March 2022 and Case Management for the Appeal is fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

Pursuant to the above, Case Management Conference for the Appeal was held on 11 August 2022, 21 October 2022, 20 December 2022, 20 January 2023 and 23 March 2023 respectively.

On 6 April 2023, the hearing of TMD's application to adduce further evidence in the Appeal took place and the application was allowed.

The next Case Management Conference and hearing of the Appeal is currently fixed on 3 July 2023 and 13 July 2023 respectively.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company and accordingly, no provisions have been made in the financial statements. The reimbursement legal fees from the Vendor is disclosed in Note 15.

LIST OF PROPERTIES OWNED BY STRAITS GROUP

as at 31 December 2022

Owner/ Company	Location	Purpose/ Existing Use	Tenure	Year of Acquisition	Approximate Age of Building (years)	Land Area/ Built-up Area (Square Feet)	Net Book Value at 31 December 2022 (RM)
1 Straits Marine Services Pte Ltd	8 Boon Lay Way #07-168 @ Tradehub 21 Singapore 609964	A strata factory unit for office	Leasehold Expiring on 09/12/2063	2022	19	2,110	3,493,371
2 Wire & Wireless Sdn Bhd	Geran 216614, Lot 75096, Damansara, Petaling Selangor No. 42, Jalan TP 7/1, Taman Perindustrian UEP 47620 Subang Jaya Selangor Darul Ehsan	Land with a double storey corner terraced shop/office	Freehold	2019	14	Land Area 2,228 Built-up 4,839	1,398,304

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2023

Total Number of Issued Shares : 942,142,795 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per Ordinary Share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	225	3.93	2,592	0.00
100 – 1,000	599	10.47	229,310	0.02
1,001 – 10,000	1,635	28.57	11,370,308	1.21
10,001 – 100,000	2,533	44.27	103,818,800	11.02
100,001 – 44,109,443 (*)	727	12.71	633,619,285	67.25
44,109,444 and above (**)	3	0.05	193,102,500	20.50
Total	5,722	100.00	942,142,795	100.00

Remark : * Less than 5% of issued shares
 ** 5% and above of issued shares

List of Substantial Shareholders (5% and above)

(as per Register of Substantial Shareholders)

No.	Name of Substantial Shareholders	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Sri Ho Kam Choy	93,591,000	9.93	64,116,700	6.81
2.	Rithauddin Hussein Jamalattiff Bin Jamaluddin	78,737,200	8.36	-	-
3.	Ang Tun Young	75,417,400	8.00	-	-
4.	Sturgeon Asia Ltd	62,929,800	6.68	-	-

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2023

cont'd

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	-	-	-	-
2.	Dato' Sri Ho Kam Choy*	93,591,000	9.93	64,116,700	6.81
3.	Capt Tony Tan Han (Chen Han)	36,790,438	3.90	-	-
4.	Leong Fook Heng	-	-	-	-
5.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
6.	Puan Harison Binti Yusoff**	-	-	12,400	***
7.	Dato' Yoong Leong Yan	-	-	-	-
8.	Datin Ng Fong Shiang	-	-	-	-
9.	Leong Kok Chaw	-	-	-	-
10.	Ho Hung Ming (Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)	-	-	-	-

* Dato' Sri Ho Kam Choy is an indirect shareholder of Sturgeon Asia Ltd holding more than 20% of the issued and paid-up share capital of Sturgeon Asia Ltd and therefore he also has indirect interest in the Company and deemed interest through his brothers' direct shareholdings in the Company.

** Indirect interest by virtue of her spouse's direct shareholdings in Straits Energy Resources Berhad.

*** Negligible

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Kam Choy	70,411,100	7.47
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd (Third Party)	62,929,800	6.68
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalattiff Bin Jamaluddin	59,761,600	6.34
4.	Tony Tan Han (Chen Han)	36,790,438	3.90
5.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young	32,500,000	3.45
6.	Ang Tun Young	31,917,400	3.40
7.	Kher Wai Har	29,354,300	3.11
8.	Yap Poh Onn	25,526,600	2.71
9.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Kam Choy (Mgnm81402)	23,179,900	2.46

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2023

*cont'd***LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)**

No.	Name of Shareholders	No. of Shares	%
10.	Rithauddin Hussein Jamalattiff Bin Jamaluddin	18,975,600	2.01
11.	Chung Chin Hiong	15,028,400	1.60
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young (Third Party)	11,000,000	1.17
13.	Chia Bee Chin	9,825,100	1.04
14.	Boonkow Holdings Sdn Bhd	7,670,000	0.81
15.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek (E-Tai/KKR))	7,612,000	0.81
16.	Dharminder Singh A/L Amar Singh	7,552,200	0.80
17.	Yeo An Thai	7,500,000	0.80
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For BJS Offshore Sdn Bhd	6,400,000	0.68
19.	Yong Chean Peng	5,282,000	0.56
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Chiong Kui (851902)	5,000,000	0.53
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Chean Peng (7005057)	4,850,000	0.51
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Loong Ding Tong (MY3120)	4,447,200	0.47
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Ker-Wei (7000881)	4,200,000	0.44
24.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	4,134,000	0.44
25.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kim Yu (MY3995)	3,800,000	0.40
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Foong Kah Heng (001)	3,636,000	0.38
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Leong Wai Keong (T Cheras-CL)	3,550,000	0.38
28.	Ho Fook Meng	3,500,000	0.37
29.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Poh Tat	3,400,000	0.36
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Geok Seng (Dealer 023)	3,330,000	0.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth (“**26th**”) Annual General Meeting (“**AGM**”) of Straits Energy Resources Berhad (“**Straits**” or the “**Company**”) will be conducted on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) in Malaysia via Remote Participation and Electronic Voting (“**RPV**”) facilities at <https://tiih.online> on **Thursday, 15 June 2023 at 10.00 a.m.**, or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:-

AGENDA

ORDINARY BUSINESS

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. | Please refer to Explanatory Note 1 |
| 2. To re-elect the following Directors who retire in accordance with Clause 21.6 of the Constitution of the Company and being eligible, offer themselves for re-election:- | |
| 2.1 Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah | Ordinary Resolution 1 |
| 2.2 Dato' Sri Ho Kam Choy | Ordinary Resolution 2 |
| 2.3 Mr. Leong Fook Heng | Ordinary Resolution 3 |
| 3. To re-elect the following Directors who retire in accordance with Clause 21.10 of the Constitution of the Company and being eligible, offer themselves for re-election:- | |
| 3.1 Dato' Yoong Leong Yan | Ordinary Resolution 4 |
| 3.2 Datin Ng Fong Shiang | Ordinary Resolution 5 |
| 3.3 Mr. Leong Kok Chaw | Ordinary Resolution 6 |
| 4. To approve the payment of Directors' Fee up to an amount of RM488,000 for the period from 1 July 2023 until 30 June 2024. | Ordinary Resolution 7 |
| 5. To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM310,000 for the period from 1 July 2023 until 30 June 2024. | Ordinary Resolution 8 |
| 6. To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 9 |

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

NOTICE OF ANNUAL GENERAL MEETING

cont'd

7. AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT") **Ordinary Resolution 10**

"THAT, pursuant to Sections 75 and 76 of the Act and subject to the approval of relevant regulatory authorities, the Directors be and are hereby authorised to allot and issue ordinary shares in the Company at any time and upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company at the time of issue.

THAT the Directors be and are hereby also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("**Bursa Securities**").

THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.

THAT in connection with the above, pursuant to Section 85 of the Act, read together with Clause 16.5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company over all new shares to be issued pursuant to this Mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE") **Ordinary Resolution 11**

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into the existing recurrent related party transactions of a revenue or trading nature with the related parties as described in the Circular to Shareholders dated 28 April 2023 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which such Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by ordinary resolution passed at the AGM whereby the authority is renewed, either unconditionally or subject to conditions; or

NOTICE OF ANNUAL GENERAL MEETING

cont'd

- b) the expiration of the period within the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

- 9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

WAN HASLINDA BINTI WAN YUSOFF (MAICSA 7055478)

SSM PC No : 202008002798

SANGAR NALLAPPAN (MACS 01413)

SSM PC No : 202008002985

Company Secretaries

Port Klang

28 April 2023

Information to Shareholders/Proxies

- 1. To leverage on technology to facilitate communication and engagement with shareholders, the 26th AGM of the Company will be conducted fully virtual through live streaming and online remote voting using RPV facilities via the online meeting platform at <https://tiih.online> provided by Tricor.

Please follow the procedures as set out in the Administrative Guide to Shareholders for the 26th AGM in order to register, participate and vote remotely.

- 2. Only depositors whose names appear in the **Record of Depositors as at 8 June 2023** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.
- 3. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.
- 4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus 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.
- 5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

6. Any alterations in the Proxy Form must be initialed by the member.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of its officer or attorney so authorised.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM will be put to vote by poll. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Berhad as the scrutineers to verify the poll results.
9. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

Please follow the Procedures for RPV in the Administrative Guide to Shareholders.

10. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney, must be deposited at the Share Registrar office, 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, Wilayah Persekutuan 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 OR you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> or email to is.enquiry@my.tricorglobal.com **not less than 48 hours before the time holding the 26th AGM** or at any adjournment thereof.

Please refer to the procedures as set out in the Administrative Guide to Shareholders for the electronic lodgement of proxy form.

11. Publication of Notice of Annual General Meeting on Corporate Website

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the proxy form are available at the corporate website of the Company at <https://www.straits-energyresources.com>.

12. Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 26th AGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES TO THE AGENDA:-

Agenda 1

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require a formal approval from the shareholders and hence Agenda 1 is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Agenda 2 and 3 – Ordinary Resolutions 1, 2, 3, 4, 5 and 6

Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the forthcoming 26th AGM, the Nomination & Remuneration Committee (“NRC”) guided by the requirements of Rule 2.20A of the ACE Market Listing Requirements of Bursa Securities, recommended Y.A.M Dato’ Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah, Dato’ Sri Ho Kam Choy and Mr. Leong Fook Heng for re-election as Directors pursuant to Clause 21.6 of the Constitution of the Company, and Dato’ Yoong Leong Yan, Datin Ng Fong Shiang and Mr. Leong Kok Chaw for re-election as Directors pursuant to Clause 21.10 of the Constitution of the Company (“Retiring Directors”).

The NRC has assessed the fit and proper criteria, performance and contribution of the Retiring Directors, through annual evaluation. The NRC has agreed that the Retiring Directors met the fit and proper criteria and was satisfied with their performance. The Board of Directors (“the Board”) also has endorsed the NRC’s recommendation that the Retiring Directors be re-elected as Directors of the Company.

The profiles of the Retiring Directors who are standing for re-elections are set out in the Board of Directors’ profiles in the Annual Report.

Therefore, the Board recommended the same be tabled to the shareholders for approval at the forthcoming 26th AGM of the Company under Ordinary Resolutions 1, 2, 3, 4, 5 and 6.

All the Retiring Directors have consented to their re-election, and have abstained from deliberation and voting in relation to their individual re-election at the relevant NRC and Board meetings.

Agenda 4 and 5 – Ordinary Resolutions 7 and 8

Directors’ Fees and Benefits

Section 230 (1) of the Act, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board wishes to seek shareholders’ approval for payment of Directors’ fees up to an amount of RM488,000 and other benefits payable up to RM310,000 for the period from 1 July 2023 to 30 June 2024.

In determining the estimated total amount of Directors’ Fees and the estimated Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees of the Company as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for any increase in number of Board and Committee meetings if required.

The Ordinary Resolutions 7 and 8, if approved, will authorise the payment of Directors’ Fees and Benefits pursuant to Clause 21.4 of the Constitution of the Company.

Agenda 6 – Ordinary Resolution 9

Re-appointment of Auditors

Pursuant to Section 273(b) of the Act, the term of office of the present External Auditors, Messrs. Moore Stephens Associates PLT, shall end at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office.

The Audit Committee (“AC”) had conducted an annual assessment of the suitability and effectiveness of Messrs. Moore Stephens Associates PLT and recommended their re-appointment for shareholders’ approval.

The Board is satisfied with the performance of Messrs. Moore Stephens Associates PLT and approved the recommendation of the AC to seek shareholders’ approval to re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company to hold office until the conclusion of the next AGM.

This proposed resolution, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Agenda 7 – Ordinary Resolution 10

Authority to Issue Shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 10, if passed, will empower the Directors of the Company from the date of the 26th AGM until the next AGM, unless earlier revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

The mandate sought is a renewal of an existing mandate and there was no proceed raised since the last renewal was sought. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

Agenda 8 – Ordinary Resolution 11

Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("**the Group**") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Further information on Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 28 April 2023 which is available at the Company's corporate website at <https://www.straits-energyresources.com>.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of
Bursa Malaysia Securities Berhad)

No individual is standing for election as Director at the forthcoming Twenty-Sixth Annual General Meeting of the Company.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")



**STRAITS ENERGY
RESOURCES BERHAD**
Registration No.: 199601040053 (412406-T)
(Incorporated in Malaysia)

Date	:	Thursday, 15 June 2023
Time	:	10.00 a.m.
Online Meeting Platform	:	TIIH online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

MODE OF MEETING

The 26th AGM of Straits Energy Resources Berhad ("**Straits**" or the "**Company**") will be conducted on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities.

ENTITLEMENT TO PARTICIPATE AND VOTE

Only members whose names appear on the Record of Depositors on **8 June 2023** shall be eligible to participate and vote at the 26th AGM or appoint a proxy(ies) to participate and vote on his/her behalf at this 26th AGM.

REMOTE PARTICIPATION AND VOTING ("RPV")

Shareholders who wish to participate at the 26th AGM may do so using the RPV facilities to be provided by Tricor. To participate, shareholders are required to register via Tricor's TIIH Online website at <https://tiih.online> prior to the meeting. Please refer to the "**Procedures for RPV**" as set out in this Administrative Guide.

APPOINTMENT OF PROXY

1. If a shareholder is unable to participate at the 26th AGM, he/she may appoint his/her proxy(ies) to participate and vote on his/her behalf and indicate the voting instruction in the Proxy Form. Alternatively, the shareholder may also appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form. Please refer to the "**Procedures for RPV**" as set out in this Administrative Guide.
2. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this 26th AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to the "Procedures for RPV" as set out in this Administrative Guide.
3. Shareholders who appoint proxies or attorney or authorised representative(s) to participate via RPV facilities in the 26th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 13 June 2023 at 10.00 a.m.**

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")
cont'd

3.1 In hard copy

The Proxy Form shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan 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.

3.2 By electronic means

The Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiih.online> OR email to is.enquiry@my.tricorglobal.com. Please refer to procedures for **"Electronic Lodgement of Proxy Form"** as set out in this Administrative Guide.

POLL VOTING

1. The voting at the 26th AGM will be conducted by poll in accordance with Rule 8.31(A) (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Berhad as the scrutineers to verify the poll results.
2. Shareholders and proxies can proceed to vote on the resolutions at any time from the commencement of the meeting at 10.00 a.m but before the end of the voting session which will be announced by the Chairman of the meeting.

Please refer to **"Procedures for RPV"** for guidance on how to vote remotely via TIIH Online.

SUBMISSION OF QUESTIONS PRIOR TO AND DURING THE 26TH AGM

1. Shareholders of the Company may submit questions relating to the resolutions to be tabled for approval at the 26th AGM. The Company will endeavor to address questions that are substantial and relevant during the meeting. If there is time constraint, the responses from the Company will be uploaded by the Company on its corporate website.
2. Shareholders may submit their questions prior to the 26th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting **"e-Services"** to login, pose questions and submit electronically **no later than Tuesday, 13 June 2023 at 10.00 a.m.**
3. Shareholders may also use the Query Box facility to transmit questions to the Board of Directors via the RPV facilities during live streaming of the 26th AGM. The Board will endeavor to answer the questions received at the 26th AGM.

REQUEST FOR PRINTED COPY OF THE ANNUAL REPORT/CIRCULAR

As a shareholder of the Company, you may request for a printed copy of the Annual Report/Circular at <https://tiih.online> by selecting **"Request for Annual Report/Circular"** under the **"Investor Services"** or alternatively, you may also make your request through telephone or e-mail to our Share Registrar at the number or e-mail address given below.

We will send it to you by ordinary post as soon as possible upon receipt of your request. However, please consider the environment before requesting for the printed copy of the said documents.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")
cont'd

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 26th AGM since the meeting will be conducted on fully virtual basis.

Straits would like to thank all its shareholders for their kind co-operation and understanding.

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 26th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE 26TH AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your Request to attend 26 th AGM remotely	<ul style="list-style-type: none"> Registration is open from Friday, 28 April 2023 until such time before the voting session ends at the 26th AGM on Thursday, 15 June 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 26th AGM to ascertain their eligibility to participate the 26th AGM using the RPV. Login with your user ID (i.e. e-mail address) and password and select the corporate event: "(REGISTRATION) STRAITS 26TH AGM 2023". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 8 June 2023, the system will send you an e-mail after 13 June 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")

cont'd

	Procedure	Action
ON THE DAY OF THE 26TH AGM		
(c)	Login to TIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 26th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 26th AGM on Thursday, 15 June 2023 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) STRAITS 26TH AGM 2023" to engage in the proceedings of the 26th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 26th AGM. If there is time constraint, the responses will be uploaded by the Company on its corporate website.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Thursday, 15 June 2023 until a time when the Chairman announces the closure of the voting session of the 26th AGM. Select the corporate event: "(REMOTE VOTING) STRAITS 26TH AGM 2023" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 26th AGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIH Online on the day of meeting will indicate your presence at the fully virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")
cont'd

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
(i)	Steps for individual shareholders	
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "Straits 26th AGM 2023 :Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print proxy form for your record.
(ii)	Steps for corporation or institutional shareholders	
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")
cont'd

	Procedure	Action
(ii)	Steps for corporation or institutional shareholders (cont'd)	
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate exercise name: "Straits 26th AGM 2023: Submission of Proxy Form". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "Straits 26th AGM 2023: Submission of Proxy Form". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our virtual AGM by yourself, please write to **is.enquiry@my.tricorglobal.com** to revoke the earlier appointed proxy forty-eight (48) hours before the 26th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 26th AGM. In such an event, you should advise your proxy accordingly.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 26th AGM proceedings is allowed without the prior written permission of the Company

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Sixth Annual General Meeting ("26th AGM")
cont'd

ENQUIRY

If you have any enquiries on the above, kindly contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

Contact persons:

- Ms. Lim Lay Kiow
+603-2783 9232 ; email : Lay.Kiow.Lim@my.tricorglobal.com
- Puan Zakiah Wardi
+603-2783 9287 ; email : Zakiah@my.tricorglobal.com
- Mr. Keith Lim
+603-2783 9240 ; email : Keith.Lim@my.tricorglobal.com

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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STRAITS ENERGY RESOURCES BERHAD

Registration No. 199601040053 (412406-T)

CDS Account No.

No. of Shares Held

PROXY FORM

*I/We _____
(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

*NRIC/Passport No./Company No. _____ of _____

(FULL ADDRESS)

being a member of STRAITS ENERGY RESOURCES BERHAD hereby appoint :

FIRST PROXY

Full Name of Proxy in Capital Letters		Proportion of Shareholdings	
		No. of Shares	%
NRIC No./Passport No.			

and

SECOND PROXY

Full Name of Proxy in Capital Letters		Proportion of Shareholdings	
		No. of Shares	%
NRIC No./Passport No.			

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies on my/our behalf at the Twenty-Sixth ("26th") Annual General Meeting ("AGM") of the Company which will be held on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via Remote Participation and Electronic Voting ("RPV") facilities at <https://tiih.online> on **Thursday, 15 June 2023 at 10.00 a.m.**, or at any adjournment thereof on the following resolutions referred to in the Notice of AGM.

My/our proxy is to vote as indicated below:-

RESOLUTIONS NO.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	To re-elect Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah as Director of the Company		
Ordinary Resolution 2	To re-elect Dato' Sri Ho Kam Choy as Director of the Company		
Ordinary Resolution 3	To re-elect Mr. Leong Fook Heng as Director of the Company		
Ordinary Resolution 4	To re-elect Dato' Yoong Leong Yan as Director of the Company		
Ordinary Resolution 5	To re-elect Datin Ng Fong Shiang as Director of the Company		
Ordinary Resolution 6	To re-elect Mr. Leong Kok Chaw as Director of the Company		
Ordinary Resolution 7	To approve the payment of Directors' Fee up to an amount of RM488,000 for the period from 1 July 2023 until 30 June 2024		
Ordinary Resolution 8	To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM310,000 for the period from 1 July 2023 until 30 June 2024		
Ordinary Resolution 9	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration		
Ordinary Resolution 10	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016		
Ordinary Resolution 11	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Dated this _____ day of _____ 2023

Signature/common seal of shareholder

* Delete if not applicable

FOLD THIS FLAP FOR SEALING

Information to Shareholders/Proxies

1. To leverage on technology to facilitate communication and engagement with shareholders, the 26th AGM of the Company will be conducted fully virtual through live streaming and online remote voting using RPV facilities via the online meeting platform at <https://tiah.online> provided by Tricor.

Please follow the procedures as set out in the Administrative Guide to Shareholders for the 26th AGM in order to register, participate and vote remotely.

2. Only depositors whose names appear in the **Record of Depositors as at 8 June 2023** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.
3. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus 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.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
6. Any alterations in the Proxy Form must be initialed by the member.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of its officer or attorney so authorised.
8. Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Berhad as the scrutineers to verify the poll results.
9. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiah.online>.

Please follow the Procedures for RPV in the Administrative Guide to Shareholders.

PLEASE FOLD HERE

**Affix
stamp**

**STRAITS ENERGY RESOURCES BERHAD
C/O 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, Wilayah Persekutuan

PLEASE FOLD HERE

10. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar office, 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, Wilayah Persekutuan 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 OR you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiah.online> or email to is.enquiry@mytricorglobal.com not less than 48 hours before the time holding the AGM or at any adjournment thereof.

Please refer to the procedures as set out in the Administrative Guide to Shareholders for the electronic lodgement of proxy form.

11. **Publication of Notice of Annual General Meeting on corporate website**

Pursuant to Section 320(2) of the Companies Act 2016, a copy of this Notice together with the proxy form are available at the corporate website of the Company at <https://www.straits-energyresources.com>.

12. **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 26th AGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



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