



STRAITS ENERGY RESOURCES BERHAD

199601040053 (412406-T)

2023

ANNUAL REPORT

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



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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

Non-Independent Non-Executive Chairman

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

Group Managing Director

- **DATO' SRI HO KAM CHOY**

Executive Director

- **CAPTAIN TONY TAN HAN (CHEN HAN)**
- **DATO' YOONG LEONG YAN**

Non-Independent Non-Executive Director

- **TAN SRI MOHD BAKRI BIN MOHD ZININ**
- **HARISON BINTI YUSOFF**

Independent Non-Executive Director

- **LEONG FOOK HENG**
- **DATIN NG FONG SHIANG**
- **LEONG KOK CHAW**

Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin

- **HO HUNG MING**

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
Email : wan@megawancorp.com

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,
Mutiara 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

- Alliance Bank Malaysia Berhad
- Bank Islam Malaysia Berhad
- Bank Kerjasama Rakyat Malaysia Berhad
- CIMB Bank Berhad
- HSBC Bank Malaysia Berhad
- MBSB Bank Berhad
- Public Bank Berhad
- RHB Bank 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

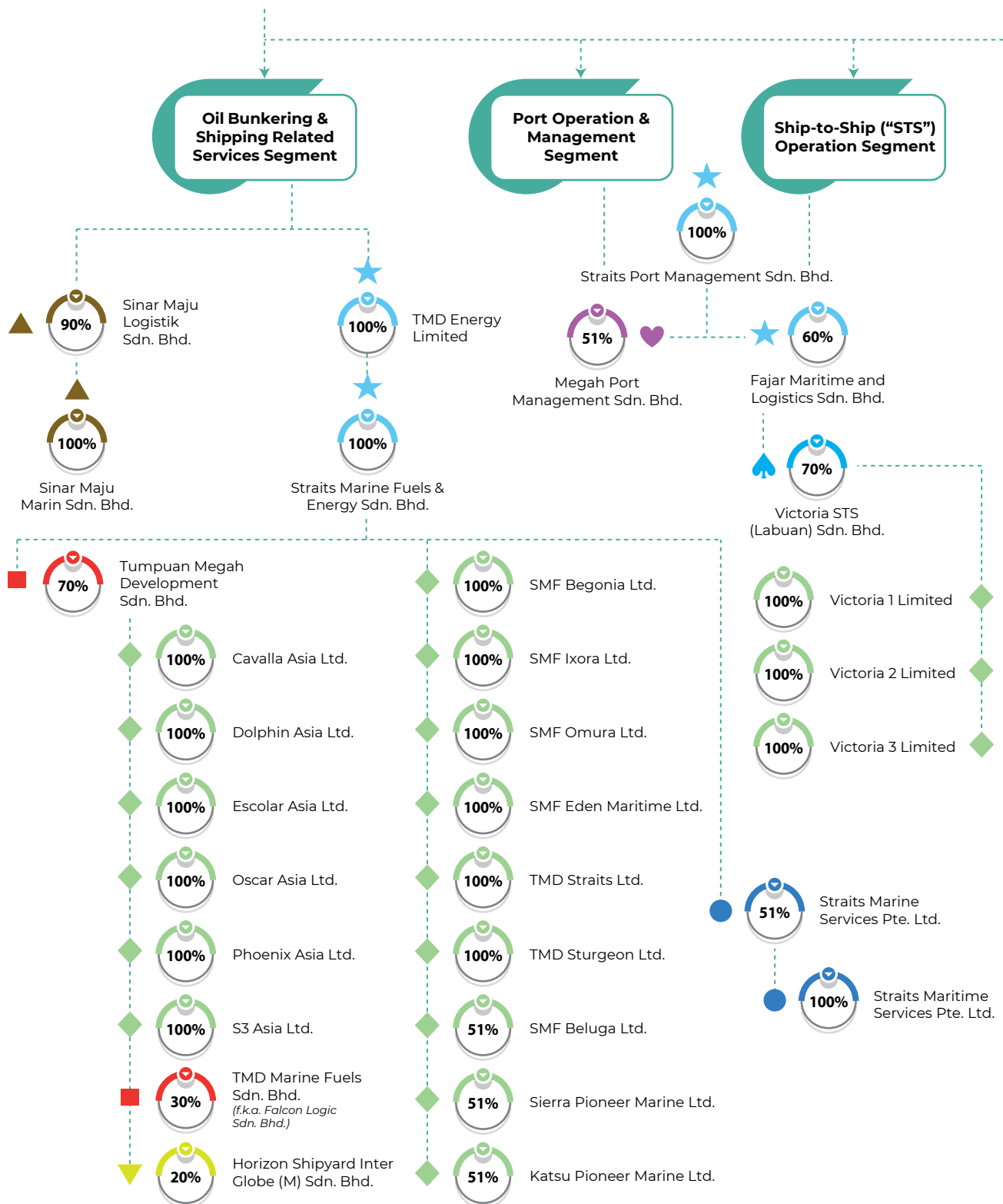
STRAITS

STOCK CODE

0080

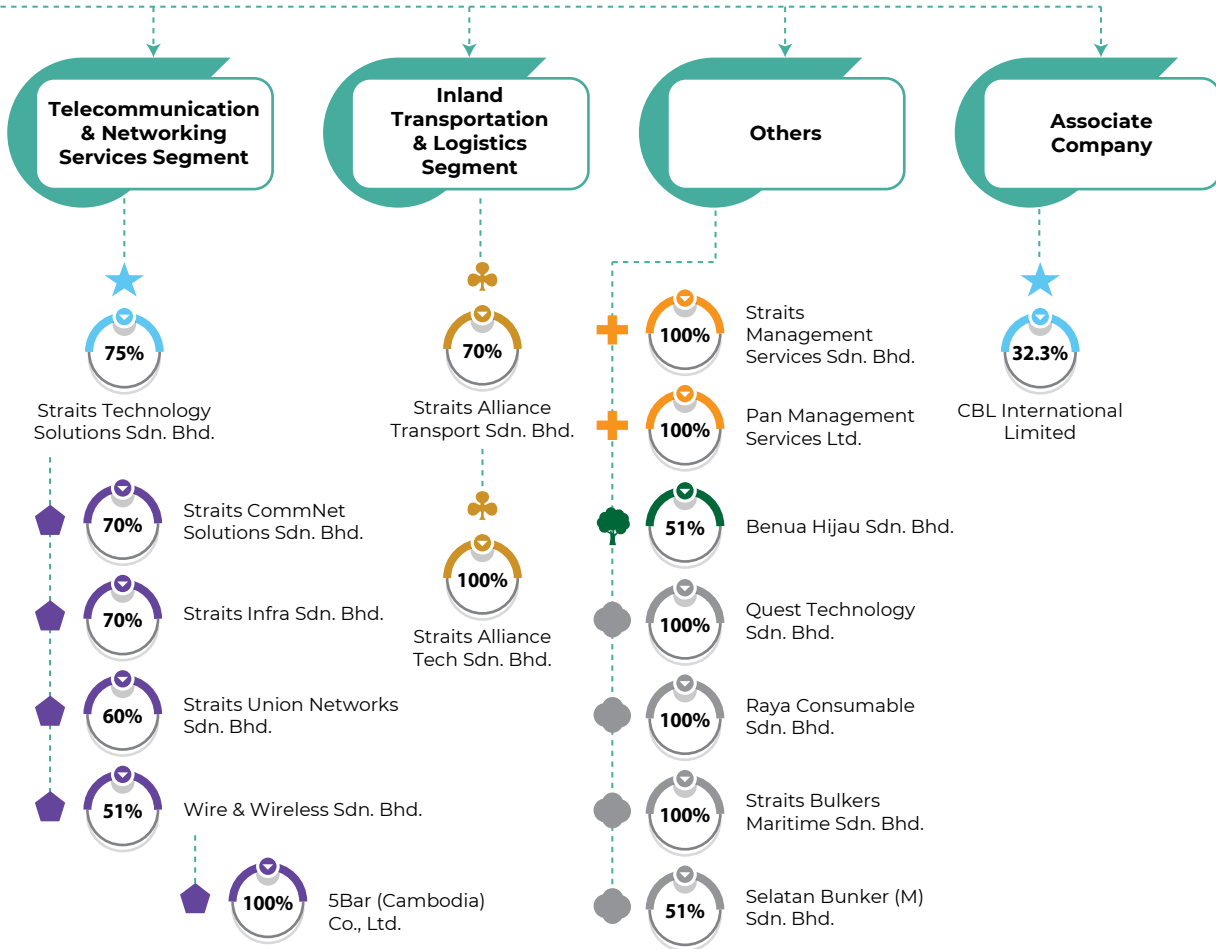
CORPORATE STRUCTURE

as at 22 April 2024



CORPORATE STRUCTURE

as at 22 April 2024
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Oil Bunkering & Oil Trading	Port Management	Management Services
Vessel Chartering	STS Operation	Investment Holding
Ship Management	Telecommunication & Networking Services	Dormant/Inactive
Shipping Agency	Inland Transportation and Logistics	Shipyard Service Provider
Environmental, Social and Governance Activities		



CHAIRMAN'S MESSAGE

**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, I am privileged to present to you the Annual Report and Audited Financial Statements of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**Straits Group**" or "**the Group**") for the financial year ended 31 December 2023.

As part of this Annual Report, we have also included the Management Discussion and Analysis to provide our shareholders with more insightful and informative details of the Group's operation and performance.

Over the past few years, the Group's business has shown remarkable resilience despite numerous challenges including the Covid-19 Pandemic. We were able to face and overcome these challenges due to the collective dedication, capability and commitment of our excellent team of people who have persistently enhanced the Group's ability in creating sustainable values.

In the financial year under review, we continued to deliver strong and steady financial results, driven by our aspiration to deliver sustainable values to all stakeholders.

CHAIRMAN'S MESSAGE

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FINANCIAL RESULTS

Amidst the challenging business environment, the Group recorded a revenue of approximately RM2.9 billion as compared to the previous year's revenue of approximately RM3.1 billion. Despite an increase of cargo volume sold by 16.9% reflecting strong growth of the Oil Bunkering and Shipping Related Services segment, there was a drop of RM200.1 million in the Group revenue as average global oil prices has dropped by approximately 23.5%.

Despite a decline in revenue across other segments within the Group, the Telecommunication & Networking Services has recorded a substantial increase in RM5.9 million, and this was attributed to the commencement of work for new projects.

The Group's profit from operation has increased by RM5.1 million to RM17.8 million from RM12.7 million in the previous year. This was mainly attributed to a 0.1% improvement in oil cargo gross profit margin and the gain in dilution of equity interest in associate.

The Group maintained a healthy balance sheet with its net asset per share increasing to 17.86 sen in financial year ended 31 December 2023 ("**FY2023**") as compared to 16.95 sen in the previous year.

BUSINESS REVIEW

In line with the Board's strategy to further identify new business segments that would enhance the future earnings of the Group, Straits has in March 2023 tabled the proposed diversification of the existing principal activities of the Group to include Telecommunication and Networking Services to the shareholders and it was approved by the shareholders.

Over the last decade, Malaysia has seen extensive shifts in the Telecommunication and Networking Services industry, mainly from wired to wireless platforms and from narrowband to broadband services. The COVID-19 pandemic has further accelerated digital transformation as people relied on mobile networks to stay connected and having access to essential services. As digital lifestyle increasingly become the norm, it continues to drive demand for connectivity.

The Telecommunication and Networking Services segment has since secured a few contracts and its current order book is about RM155.2 million.

On 16 October 2023, Straits Technology Solutions Sdn. Bhd. has entered into a Memorandum of Understanding ("**MOU**") with Megah Port Management Sdn Bhd ("**MPM**"), a 51% indirect subsidiary of Straits to transform the Port of Labuan into a Smart Port showcasing the latest network connectivity ("**Smart Port Project**"). With this Smart Port Project, MPM will be able to further enhance the efficiency of the infrastructure and quality of services provided at Labuan Port. The Labuan Port is currently managed and operated by MPM.

Our journey has become more interesting than ever with the commencement of the Telecommunication and Networking Services business, opening up the possibilities of advanced new technologies and applications. As we look ahead to our new growth areas, we will continue to explore new business opportunities in line with our long-term strategy plans that has served our Group well since inception.

In January 2024, our indirect 70%-owned subsidiary, Tumpuan Megah Development Sdn Bhd ("**TMD**"), has been awarded certification from the International Sustainability and Carbon Certification ("**ISCC EU**") scheme, paving the way for TMD's entry into the marine biofuel trading and bunkering business in the second quarter of 2024. TMD is the first Malaysian industry player to achieve ISCC EU certification as a supplier and trader of biofuels, spearheading the industry's efforts to lower the shipping industry's carbon footprint.

CHAIRMAN'S MESSAGE

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On 2 October 2023, the Group has announced its intention to spin-off its Oil Bunkering and Shipping Related Services segment for listing on The National Association of Securities Dealers Automated Quotations ("**NASDAQ**") stock exchange in the United States by way of a registered public offering ("**Proposed Listing**").

As part of the Proposed Listing, Straits currently is the process of re-structuring some of its subsidiaries involved in the Oil Bunkering and Shipping Related Services segment, for the purpose of forming a separate listing group ("**Spin-Off Group**"). The Proposed Listing is still in progress and the Company will make further announcement(s) as and when applicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("**ESG**") AGENDA

We are also making further progress in our ESG agenda. In December 2023, our 51%-owned subsidiary, Benua Hijau Sdn Bhd ("**Benua Hijau**"), has entered into a MOU with Management Council of Terengganu State Parks ("**MPTN**") and Setiu Land Office ("**PTS**") for the reforestation of degraded Gelam forest of which Benua Hijau will act as project operator to prepare and plant trees whereas MPTN and PTS will collectively provide the planting area of approximately 200 acres at Tasik Berombak, Mukim Guntung, Daerah Setiu.

This collaboration is in good progress and will enhance Straits' efforts and ambition in their ESG activities and initiatives as part of its commitment to contribute to a better global climate.

EXPECTATIONS & PROSPECTS

As we strive towards long-term profitability, we will continuously look into our business operating model and cost structure and maintain a cautious approach towards its capital and cash flow management.

The Group will continue to evolve both internally and externally to further support the Group's rapid business growth. With our focused strategy, robust execution plan and wide talent pool, we are confident in our ability to lead the industry and navigate any challenges that may come our way.

OUR THANKS

I would like to take this opportunity to acknowledge the efforts and contributions of the Management, employees, and all other stakeholders for the Group's success in 2023.

Thank you, my fellow Board members for your wisdom and counsel in guiding the Company forward.

To our shareholders and investors, we value the trust you have placed in us and we shall remain committed to delivering long-term values. To our clients and partners, we are grateful for the opportunity to be able work with you. We remain steadfast in delivering on our commitments to the best of our abilities.

I would also like to take this opportunity to record our thanks to all the relevant authorities in Malaysia for their kind guidance.

Thank you.

Sincerely,

**Y.A.M. Dato' Seri Tengku Baharuddin
Ibni Al-Marhum Sultan Mahmud Al-Muktafi
Billah Shah**

Non-Independent Non-Executive Chairman

22 April 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors (“**the Board**”) of Straits Energy Resources Berhad (“**Straits**” or “**the Company**”), it is my pleasure to present to you the Management Discussion and Analysis (“**MD&A**”) of the Company and its subsidiaries (“**the Group**” or “**Straits Group**”) for the financial year ended 31 December 2023 (“**FY2023**”).

OVERVIEW OF THE GROUP’S BUSINESS AND OPERATIONS

In 2022, the Malaysian economy rebounded strongly driven by the easing of COVID-19 restriction as well as buoyant exports of petroleum products, electrical and electronic products, palm oil products. However, the growth momentum had slowed down in 2023 as seen in slower external demand due to weakening global trade. Geopolitical tensions of strained ties between the United States and China, Russia’s invasion of Ukraine and escalating inflationary pressures continue to affect world economic outlook.

Our government has implemented various pragmatic measures to strengthen our economy resilience by boosting domestic demand to offset the impact of the global challenges. These measures include the new National Energy Transition Roadmap (“**NETR**”), New Industrial Master Plan 2030 (“**NIMP 2030**”), the Mid-Term Review of the Twelfth Malaysia Plan (“**MTR of the Twelfth Plan**”) and the Ekonomi MADANI framework.

In summary, we are expecting a challenging economic environment ahead and thus we are taking a cautious and measured approach while ensuring that we have the right strategies, talents and resources to navigate any economic scenarios which we may encounter.

The Group’s ability to implement and execute critical macro strategies has enabled the Company to generate positive returns in 2023 despite a rising interest rate environment and challenging geopolitical uncertainties. The Group has successfully delivered another satisfactory financial performance in FY2023.

The Group currently operates in six business segments as part of our core business activities comprising :-

- 1) Oil Bunkering & Shipping Related Services
- 2) Inland Transportation & Logistics
- 3) Port Operation & Management
- 4) Telecommunication and Networking Services
- 5) Ship-to-Ship (“**STS**”) Operation
- 6) Investment Holding & Management Services

The Oil Bunkering & Shipping Related Services continues to be the main contributor to the Group’s main revenue, representing approximately 98.9% of the Group’s revenue. The Telecommunication and Networking Services segment had seen a jump of 424.3% in revenue as compared to previous year and is expected to contribute further to the Group’s earnings moving forward as it continues to identify and secure additional projects.

The Inland Transportation & Logistics and STS Operation segments had shown a recovery in its revenue while there was a dip in revenue on the Port Operation & Management segment.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM2.9 billion and a profit before tax of RM8.8 million for FY2023 as compared to previous corresponding year of RM3.1 billion and RM10.0 million respectively.

The total revenue recorded a 6.2% drop of RM193.4 million to RM2.9 billion in FY2023 as compared to the financial year ended 31 December 2022 ("FY2022") due to average global oil prices dropping by approximately 23.5%. The profit before tax recorded a drop of RM1.2 million mainly due to the impairment of cement tankers and equipments in Inland Transportation & Logistics Services and STS operation respectively.

On the segmental basis, Oil Bunkering & Shipping Related Services Segment is the main contributor to the Group's revenue which had recorded a drop in revenue approximately of 6.5% which was mainly caused by the drop of 23.5% in overall cargo prices in FY2023 as compared to FY2022 although the cargo volume sold has increased approximately by 16.9%. The increase on the cargo volume sold in FY2023 was mainly due to higher demand of both marine gas oil ("MGO") and very low sulphur fuel oil ("VLSFO") from international shipping liners. The profit before tax for this segment has a marginal increase by RM0.5 million to RM18.6 million.

The Telecommunication and Networking Services segment recorded a substantial increase in revenue by RM5.82 million, which was mainly attributed to new contracts secured within the year.

During the current financial year, the Inland Transportation & Logistics segment posted a marginal increment of revenue of RM0.13 million as compared to previous year. This was mainly due to the pick up in number of trips as the construction industry improved for FY2023.

Five-Year Financial Highlights

	2023	2022	2021	2020	2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	2,917,299	3,110,751	1,319,023	675,316	663,188
Gross Profit	61,621	62,648	35,877	31,900	29,105
Earnings before interest, tax, depreciation and amortization ("EBITDA")	45,746	38,343	30,991	24,257	22,530
Earnings Before Interest and Tax ("EBIT")	19,911	19,370	17,059	12,440	16,251
Profit Before Tax ("PBT")	8,790	10,016	9,677	6,467	12,426
Profit After Tax ("PAT")	4,020	6,948	4,176	3,972	9,424
Net Profit Attributable to Equity Holders	7,071	6,158	4,303	2,840	7,085
Total Assets	608,044	482,523	447,439	314,471	294,833
Total Borrowings	123,316	121,976	83,747	81,262	40,033
Total Equity	177,604	159,671	130,861	113,705	110,604

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL PERFORMANCE (cont'd)

	2023	2022	2021	2020	2019
Financial Indicators					
Financial Ratios					
Gross Margin (%)	2.1	2.0	2.7	4.7	4.4
Return on equity (%)	4.0	3.9	3.3	2.5	6.4
Gearing ratio (times)	0.7	0.4	0.3	0.6	0.3
Current ratio (times)	0.8	0.8	0.9	0.9	1.0

The Group reported a PAT of RM4.0 million in FY2023 as compared to RM6.9 million in FY2022 which was lower than FY2022, which was a drop of 42.1%. This was due to the impairment of cements tankers in inland transportation services and impairment of equipment in STS operation. These are non-allowable expenses which resulted in the tax payable remained high and hence a decrease in the profit after tax.

The Group achieved a net profit attributable to equity holders of RM7.1 million in FY2023, which demonstrated a higher growth of RM0.9 million or 14.8% as compared to FY2022. This has translated to an increase of 0.06 sen in our basic earnings per share for FY2023 at 0.75 sen versus 0.69 sen attained in FY2022.

Assets

Non-current assets comprise largely property, plant and equipment, intangible assets and investment in associate. The increase in non-current assets from RM262.9 million as at 31 December 2022 to RM281.2 million as at 31 December 2023 which was largely due to the addition on property, plant and equipment of RM20.9 million and appreciation value on the investment in associate due to gain on dilution of equity interest in our associate, CBL International Limited by approximately RM16.6 million.

The additions on property, plant and equipment of RM20.9 million during FY2023 were primarily investments in vessels and dry docking expenditure. The increase in current assets from RM219.6 million as at 31 December 2022 to RM326.8 million as at 31 December 2023 was mainly due to the increase in trade receivables as well as increase in inventories which are in line with the growth in the volume of oil cargo bunker of the Group.

The Group's financial position remained healthy with cash and cash equivalents of RM27.4 million as at 31 December 2023. The Group has always maintained a strong capital base and continues to manage its capital structure prudently to ensure that it remains financially sound. As a result of the Group's positive performance for the year, the net asset per share increased from 16.95 sen to 17.86 sen at the close of the year.

REVIEW OF OPERATING ACTIVITIES

Oil Bunkering & Shipping Related Services Segment

i) Oil Trading & Bunkering Services

Oil bunkering services involve provision of refueling MGO and VLSFO through vessels to other ocean faring vessels such as oil tankers, container vessels, cargo vessels and cruise ships.

Our Oil Trading & Bunkering Services continued to perform well during the FY2023 with an increase in cargo volume of 16.9% compared to FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATING ACTIVITIES (cont'd)

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

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

The growth in global trade and marine transportation, increased activities in the upstream oil and gas industry, and supporting government policies have increased business activities in the oil bunkering services industry thus benefiting the Group positively. As part of our effort to enhance shareholders' value, our Business Development team continuously explore the market for additional business opportunities to further optimise values from our existing portfolio.

Volatility is an intrinsic feature of the bunker fuel market. Volatility in prices, changes in regulations, supply chain shocks, and geopolitical tensions have turned the bunker fuel market into a highly dynamic and rapidly changing industry. The uncertainty and disruption in the global shipping market caused by the Russian invasion of Ukraine had a significant impact on the volatility of the oil market. Concerns about the energy export as well as the long-term impact of the invasion on the oil production also led to an increase in oil price and a volatility in the oil market, affecting the terms on which we do business.

However, by combining our deep knowledge of pricing mechanism with specialised insight into bunker prices and current market situations, we have throughout the year been able to implement risk management strategies to safeguard our interest. As we continuously strive to understand our clients better, we work towards providing segment-specific value propositions, ensuring that our customers benefit from the best possible service and solutions to meet their individual needs.

We support the International Maritime Organization ("IMO") regulations towards CO2 emissions' reduction and we closely monitor renewable fuels development and keep our clients updated. With the aid of our competent and capable staff, we take great care to ensure that our marine fuels are sourced from established refineries and suppliers worldwide so that we can deliver quality bunker products in particular MGO and very low sulphur fuel oil ("VLSFO") to our customers.

Currently, the Group owns and operates 15 licensed vessels that comply with health, safety and environmental standards, ranging from 540 deadweight tonnage ("DWT") to 7,820 DWT. These vessels operate in the inner and outer port limits of various seaports in Malaysia.

Our vessels are managed by our indirect 51%-owned subsidiary, namely Straits Marine Services Pte. Ltd. ("SMS") which provides in-house ship management which include technical management, crew management, marine consultancy and shipping agency. These vessels have been maintained to Classification standards and complied strictly to Malaysian Maritime Laws. The Group also place emphasis on maintaining up to date licenses for our vessels, especially licenses under Malaysia's Control Supply Act. We are licensed to operate bunkering and barging operations at 19 Ports i.e Lumut Port, Port Klang, Malacca Port, Johor (Pasir Gudang) Port, Port of Tanjung Pelepas, Tok Bali Port, Kuala Terengganu Port, Dungun Port, Kemaman Kemaman Port, Kuantan Port, Pulau Tioman Port, Desaru, Pengerang, Johor Port, Bintulu Port, Miri Port, Labuan Port, Kota Kinabalu Port and Sapangar Bay Oil Terminal Port.

We are also proud to announce that our indirect 70%-owned subsidiary, Tumpuan Megah Development Sdn Bhd ("Tumpuan Megah"), has been awarded certification from the International Sustainability and Carbon Certification (ISCC EU) scheme, paving the way for the company's entry into the marine biofuel trading and bunkering business in the second quarter of 2024. This milestone comes as the maritime industry accelerates its transition to low-carbon alternative fuels, such as sustainable biofuels, as part of the global decarbonisation agenda. With ISCC EU certification, maritime industry players can demonstrate compliance with the sustainability and GHG emission-saving criteria of the European Union ("EU"). This includes the EU Renewable Energy Directive (RED II), which has set strict guidelines for which biofuels can be considered sustainable. ISCC certification is recognised in key energy markets, including the European Union, the United Kingdom, Japan and Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATING ACTIVITIES (cont'd)

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

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

The IMO has set an industry target to reduce greenhouse gas (“**GHG**”) emissions by at least 40% by 2030, from 2008 levels. The usage of sustainable biofuels, with significantly lower GHG emissions than fossil fuels, is expected to play an important role.

Achieving ISCC EU certification demonstrates our commitment and capability to drive the adoption of sustainable biofuels, and will help our customers prove their compliance with environmental regulations.

Going forward into the 2024 financial year, we expect our oil trading and bunkering services business to continue to be resilient and to deliver another strong year off the back of the 2023 financial year.

ii) Vessels Management Service

SMS, an indirect 51%-owned subsidiary of Straits provides in-house ship management to the Group.

SMS has many years of experience providing marine and offshore vessel management and has established a pool of trained and experienced mariners for customizable vessel management solutions.

Apart from vessel management, SMS also provides a number of subsidiary services to its customers including marine consultancy, ship agency and vessel disinfecting services.

We pride ourselves as a vessel management operator that provides economical, reliable services while adhering to the most stringent safety and environmental protection standards.

SMS is ISO 9001 and ISO 45001 (Socotec Certification International) certified and Accredited by SAC Accredited Certification Body with QS-1999-05 & OSH-2008-01.

Total revenue for Ship Management was RM8.0 million in FY2023, up 9.9% from FY2022. Income was lifted by a higher number of vessels under full technical management and an increase in crew management services.

iii) Shipping Agency Services

In the case of our shipping agency services, our 90%-owned subsidiary, Sinar Maju Logistik Sdn Bhd and its wholly owned subsidiary Sinar Maju Marin Sdn Bhd (“**Sinar Maju Group**”) provide full agency, husbandry, and protective agency services to the merchant fleet.

Sinar Maju Group has the essential resources, expertise, and infrastructure to support shipping operations, with 24/7 service and excellent relationships with port authorities for smooth vessels turnaround.

Total revenue from these services was RM4.8 million in FY2023, up 46.3% from FY2022. The jump in revenue was as a result of higher demand in agency services. The increase of the number of port calls had also contributed positively to Sinar Maju Group.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATING ACTIVITIES (cont'd)

Inland Transportation & Logistics Segment

Logistics forms the backbone of domestic and international trade in any economy and it is a critical factor for competitiveness. The growth in the logistics industry is propelled by factors such as resumption of economic activities post pandemic, globalization, expansion of e-commerce as well as evolving consumer behaviors. As supply chains become more complex, the demand for efficient and scalable logistics solutions increases and our Group is well-positioned to meet these demands.

Although the market has become increasingly competitive, the revenue growth in this area is attributable to the fact that we have established a firm foothold that we fully intend to defend and grow.

The Group's Inland Transportation & Logistics business is driven by our 70%-owned subsidiary, Straits Alliance Transport Sdn Bhd. ("**SAT**"). Inland transport got better compared to the previous year and we expect it to continue improving as more infrastructure projects are awarded moving forward. Our strategy is to acquire more trucks to accommodate additional orders from our clients.

As reliability, cost and speed will always remain the critical factors of customers expectation, SAT will continue to build on its resilience to meet its customer satisfaction and requirements by providing better solutions to meet those needs.

The Inland Transportation and Logistics segment observed an increase of about approximately 2.2% in revenue for FY2023 as a result of additional business from our client base. Despite the slight recovery of the inland transportation, the Group has made allowance for impairment totalling RM3.0 million based on the estimated recoverable amount of SAT's aged fleet of cement trucks as at the reporting date. While working rigorously on implementing various cost-efficient measures to improve profitability, we are also on the lookout for opportunities to diversify in transportation of other kinds of cargo and products to reduce dependency on just cement products as it will improve the overall growth of SAT in future.

Port Operation & Management Segment

This segment is headed by our indirect 51%-owned subsidiary, Megah Port Management Sdn Bhd ("**MPM**") and the revenue in FY2023 dropped marginally to RM13.1 million from RM13.2 million in FY2022.

Our Ports Operation and Management segment recorded a growth of 15.9% in container throughput with 16,371 TEUs in 2023 as compared to 14,125 TEUs in 2022. However, our cargo throughput experienced a decline of 33.7% to 65,976.28 TEUs as compared to 99,545.44 TEUs in 2022. This was due to some of our clients turning to containerized cargo packing when importing goods to Labuan.

Labuan Port's vision to become a 'Smart Port' by 2030 has received widespread support from various stakeholders, including academic experts, local authorities and industry players.

As Labuan Port's transformation progresses, continued support and cooperation from local authorities and industry players are crucial to bring Labuan Port into the digital age, further solidifying its position as a key maritime hub in the region.

In October 2023, Straits and its indirect subsidiary, Straits CommNet Solutions Sdn Bhd ("**SCS**") had signed a Memorandum of Understanding ("**MOU**") with MPM to transform the Labuan Port into a Smart Port. This Smart Port project aligns with the federal government's aim to transform Labuan into a smart city by 2030.

The mission to transform the Labuan Port into a Smart Port is in line with the Labuan Corporation's Structural Plan 2020-2040 and the Labuan Development Blueprint 2030 to turn the island into a smart and sustainable island city.

This Project will also leverage state-of-the-art technologies, including the Internet of Things ("**IoT**") and Artificial Intelligence ("**AI**") to accelerate the digital transformation of the Labuan Port.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATING ACTIVITIES (cont'd)

Telecommunication and Networking Services Segment

Malaysia's telecommunication and networking industry has been experiencing significant growth and development, driven by various factors such as increasing demand for digital connectivity, government initiatives to promote digitalization, 5G and Artificial Intelligence ("AI"), and the proliferation of mobile and internet technologies.

When it comes to Malaysia's 5G readiness, the demand for continuous and seamless connectivity is growing at an accelerated rate. The 5G phenomenon is seen as not just a generational step, but as a way for Malaysian society to advance together towards a more connected future by bridging the digital divide between urbanites and those who live in more rural areas of the country.

Through the application of 5G technology, Malaysia will witness the greater proliferation of industry application and a strengthened delivery optimisation for multiple sectors like automotive, agriculture, healthcare, manufacturing, education, entertainment and many others.

In order to expedite Malaysia towards the next phase of its digital transformation, a number of initiatives have been put in place by governmental bodies to catalyse growth and expansion in the technology and telecommunication sector.

The Telecommunication and Networking Services segment is accomplished by our indirect subsidiary, SCS which reported a remarkable growth with an increase of 421% in revenue for FY2023 as compared to FY2022. The substantial growth in revenue was as a result of higher number of contracts awarded to the SCS in FY2023.

This new stream of income for this segment has contributed 0.25% towards the Group's revenue.

SCS's objectives include the following:-

- Expansion of network coverage and capacity to meet growing demand for data and connectivity services.
- Innovation and deployment of advanced technologies to enhance the quality and speed of telecommunication services.
- Diversification of service offerings to cater to changing consumer preferences and needs.
- Innovation and deployment of Smart Technologies, in buildings and townships, as well as for the education and health facilities.
- Maximizing revenue and profitability through efficient operations and effective marketing strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF OPERATING ACTIVITIES (cont'd)

Telecommunication and Networking Services Segment (cont'd)

In achieving those objectives, SCS has come up with the following strategies :-

- 1) Technology Adoption**
Embracing emerging technologies such as 5G, IoT and cloud computing to enhance service offerings and meet evolving consumer demands.
- 2) Strategic Partnerships**
Collaborating with technology partners, content providers, and other stakeholders to develop innovative solutions and value-added services.
- 3) Customer-centric Approach**
Focusing on delivering superior customer experience through personalized services, self-service options, and proactive customer support.
- 4) Marketing and Branding**
Implementing targeted marketing campaigns and branding initiatives to increase market share, attract new customers, and retain existing ones.

SHIP-TO-SHIP OPERATION

The Ship-to-Ship (“**STS**”) operation is handled by Victoria STS (Labuan) Sdn Bhd (“**Victoria**”), an indirect subsidiary of Straits with specialist expertise in offshore handling of Very Large Crude Carriers (“**VLCC**”), LNG Carriers and break bulking of petroleum cargoes.

For FY2023, the revenue for STS has seen an increment of RM0.7 million to RM4.9 million as compared to FY2022. With lesser STS operation during the year, STS has chartered its tugboats to generate revenue. The Group provided allowance for impairment of approximately RM2.4 million on the STS’s equipment due to the scaled down operations of STS segment during the financial year which was impacted by current global market conditions.

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE

As at 31 December 2023, the Group’s share capital amounted to RM152.5 million, comprising 994,462,273 ordinary shares. The Group financed its operations with credit granted by our suppliers, finance leases and bank borrowings from financial institutions as well as internal cash and bank balances. Our facilities from financial institutions comprise term loans, trade financing, bank overdrafts as well as finance lease.

KEY RISK AND MITIGATIONS

We are committed on delivering our targets and driving future growth whilst managing our operations challenges, sustainable financial performance, and optimum capital structure and liquidity.

The Risk Management Committee (“**RMC**”) remains vigilant and cognisant of our risk factors and is guided by a risk management framework, as approved by the Board. Through its comprehensive approach towards risk management, the RMC has devised sound countermeasures to mitigate the various risk factors that may impact our Group, and actively monitors their implementation and outcomes, where possible.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY RISK AND MITIGATIONS (cont'd)

Although certain risks may not be fully mitigated, our Group carried out robust assessments of its key risk factors as follows:-

1) Operational risk

Operational risk fall within our control as the causes are either shortcomings in processes, policies or systems which could hamper our operations and damage our reputation, potentially leading to the loss of clients and business.

2) Market Risk

The business we are in is inherently reliant on international and domestic trade to function and therefore, we are subject to geopolitical events that affect global economic activities. By serving our customers' needs by providing our products and services, we are indirectly dependent on our customers' business performance and developments in their markets and industries. Any global economic slowdown or trade restrictions may affect the global demand for products and goods. In mitigating the relevant risk, we have implemented an agile cost structure to improve cost efficiencies and continued to expand our customer bases, believing that diversified customer base provide us with more business opportunities to grow our business.

3) Bribery and corruption risk in relation to Section 17A (or any other sections) of the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**").

The Group has set up appropriate systems for constant monitoring such as (non-exhaustive list):

- Basic Code of Conduct, including gift and entertainment policies, are included in the Group Employee Handbook. This code has been updated to include the "Guidelines on Adequate Procedures" issued pursuant to Section 17A(5) of the MACC Act.
- Anti-corruption awareness briefings are given to Heads of Departments and the Executive Directors.
- Anti-corruption policies have been developed to inform all stakeholders on the Group's position on anti-corruption.

4) Oil and Gas Price Uncertainties

In mitigating oil price uncertainties risks, the Group diligently monitor global oil price trends whilst maintaining stringent and low-cost structure to safely operate our assets in a manner that protects their viability and business sustainability.

5) Accidents and Mishaps risk

Implementation of operational strategies to mitigate accidents and mishaps which may result in injuries and fatalities as follows:-

- Health, Safety, Security and Environment ("**HSSE**") policy adopted and embedded into the Group's working culture.
- Conducting HSSE assurances on assets to ensure integrity and reliability are maintained.
- Continuously monitoring all HSSE related risk.
- Incorporate HSSE requirements and risk assessment as a subject matter in Group's key activities.

6) Financial Risk Management

The Group's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk. The Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY RISK AND MITIGATIONS (cont'd)

7) Credit risk

We are exposed to credit risk due to slowdown in the collection of payments. The Group continuously evaluates the likelihood of such possibilities and to mitigate the impact.

8) Oil spills or leakages risk during bunkering operations

The prevention and proper management of bunker spills are critical to safeguarding the environment and ensuring maritime safety. In mitigating such risk, we have put in place the following:-

- Adhering strictly to international and regional regulations governing bunkering and environmental protection in preventing spills.
- Implementing comprehensive training programs for ship crew members, with a focus on proper bunkering procedures and spill response to effectively minimize the risk of accidents.
- Implementing advanced technologies, such as monitoring systems and automated controls, to enhance the safety of bunkering operations and reduces the risk of spills.
- Implementing an Environmental Management Systems to systematically manage environmental aspects, including bunker spill prevention, and continuously improving processes based on lessons learned from incidents.
- Conducting thorough risk assessments before bunkering operations to identify potential hazards and implementing mitigation measures

9) Cyber security risk

Risks relating to or arising from deliberate or organised attacks to the organization's IT systems and infrastructure by the external cyber attackers or internal irresponsible individuals.

We rely on information technology systems in our operations and we continuously measure and improve our cyber-security capabilities. Our systems are protected by preventive, detective and responsive technologies and controls.

We detect risks by actively monitoring identified threats and we respond effectively by resolving and further investigating security incidents.

We have deployed appropriate security measures to protect confidential information via continuous upgrades to our IT security and safety methodology and with ongoing training on cybersecurity awareness amongst our employees. Finally, risk control is set up to enable recovery when cyber risks occur.

CORPORATE DEVELOPMENTS

On 23 March 2023, our associate company, CBL International Limited informed that NASDAQ had approved the listing and registration of CBL International Limited's shares on The NASDAQ Stock Market LLC and began listing on the NASDAQ Capital Market under the symbol "BANL", effective on 23 March 2023, U.S Eastern time.

On 27 March 2023, Straits shareholders had approved the proposed diversification to include Telecommunication and Networking Services to the existing principal activities of the Group.

Straits had on 2 October 2023, announced the Company's intention to spin-off its oil bunkering and shipping related services segment for listing on NASDAQ stock exchange in the United States by way of a registered public offering ("**Proposed Listing**").

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

CORPORATE DEVELOPMENTS (cont'd)

As part of the Proposed Listing, Straits has undertaken an internal restructuring of some of its subsidiaries involved in the oil bunkering and shipping related services segment, for the purpose of forming a separate listing group for the aforesaid listing on NASDAQ.

The Company will make a detailed announcement in relation to the Proposed Listing upon submission of the “public filing” to the United States Securities and Exchange Commission.

CORPORATE EXERCISE

On 30 November 2023, the Company had raised total proceeds of RM5.8 million from the private placement by issuance of 52,319,478 new ordinary shares.

With the issuance of shares via the private placement, the Company had increased its issued and paid-up capital to RM152.5 million as at 31 December 2023. The additional funds from the private placement during the year was channeled towards expansion and growth of Telecommunication and Networking Services segment and working capital requirements of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) PRACTICES

The three pillars of ESG practices are stated in the *Sustainability Statement* in this Annual Report.

It is the intention of the Group to continue to uphold high ESG standards. An honest and pragmatic approach towards the reduction in our carbon footprint, a commitment to the safety and well-being of our employees and contractors and, a relentless pursuit of transparency and governance in the conduct of our business coupled with an awareness of the concerns of our community will be the foundation from which we deliver the Group’s Vision in a sustainable manner.

FORWARD LOOKING STATEMENT

World Bank’s forecast that Malaysia’s growth will be 4.3% in 2024. This is in line with Malaysia’s 2024 growth projection, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap (“NETR”), New Industrial Master Plan 2030 (“NIMP 2030”), and the Mid-Term Review of the Twelfth Malaysia Plan (“MTR of the Twelfth Plan”).

The Group acknowledges that the current business environment continues to present challenges, primarily due to disruptions in the global supply chain, ongoing conflicts on the geopolitical front, rising input costs, and the weakening of the ringgit. These factors may potentially have an adverse effect on the purchasing power of consumers.

We will continue to yield synergistic value by leveraging on the strengths and capabilities of each business segment and exchanging support as and when needed. Ultimately, the Group stands ready and confident in fulfilling the essential infrastructure development and needs of the country towards achieving its vision and mission to develop a better future for Malaysia.

We are focused on delivering value and will continue playing our fundamental role in nation building, as we have done for many years since our inception. The future is always challenging, yet it is also always promising with plenty of value creation potential for Straits and its stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

THANK YOU FOR YOUR SUPPORT

The Management team would like to express our gratitude to Straits Board for their stewardship and guidance, particularly as we navigated through these uncertain times.

To all our employees across all our operations, thank you for your dedication and perseverance. We have made it through and together, we will continue to advance and take Straits to greater heights.

We also would like to extend our thanks to our shareholders, clients, suppliers, business associates, bankers, and the authorities.

Our commitment to growing the business through persistence, dedication, and innovation remains unwavering. We will continue to invest in our people and technology so that we will remain competitive and be ready to deliver a respectable financial performance each year.

Thank you.

DATO' SRI HO KAM CHOY

Group Managing Director

22 April 2024

BOARD OF DIRECTORS' PROFILE

DATE OF APPOINTMENT AS DIRECTOR

1 December 2019

TENURE AS DIRECTOR (as at 22 April 2024)

4 years 5 months

DATE OF LAST RE-ELECTION

15 June 2023

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 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.

BOARD COMMITTEES MEMBERSHIP(S)

None



FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended six (6) out of seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

5 August 2016

TENURE AS DIRECTOR (as at 22 April 2024)

7 years 8 months

DATE OF LAST RE-ELECTION

15 June 2023

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 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 35 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.

BOARD COMMITTEES MEMBERSHIP(S)

None



DATO' SRI HO KAM CHOY

Group Managing Director

Malaysian
Age 61
Male

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

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

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

24 March 2015

TENURE AS DIRECTOR (as at 22 April 2024)

9 years 1 month

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 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 TAN HAN
(CHEN HAN)**

Executive Director

Singaporean
Age 48
Male

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.

BOARD COMMITTEES MEMBERSHIP(S)

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

1 August 2022

TENURE AS DIRECTOR (as at 22 April 2024)

1 year 9 months

DATE OF LAST RE-ELECTION

15 June 2023

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP 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 1994 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 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 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.

BOARD COMMITTEES MEMBERSHIP(S)

None



DATO' YOONG LEONG YAN

Executive Director

Malaysian
Age 63
Male

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

3 June 2016

TENURE AS DIRECTOR (as at 22 April 2024)

7 years 10 months

DATE OF LAST RE-ELECTION

24 June 2021

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP 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.

BOARD COMMITTEES MEMBERSHIP(S)

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



**TAN SRI MOHD BAKRI
BIN MOHD ZININ**

*Non-Independent
Non-Executive Director*

Malaysian
Age 70
Male

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

1 March 2020

**TENURE AS DIRECTOR
(as at 22 April 2024)**

4 years 1 month

DATE OF LAST RE-ELECTION

23 June 2022

**ACADEMIC / PROFESSIONAL QUALIFICATION
/ MEMBERSHIP AND WORKING EXPERIENCE**

With a Master's in Managerial Psychology and a Bachelor's in Science with Education, Puan Harison brings a wealth of knowledge and experience to the boardroom. Her journey began in 1995 when she pursued a Diploma in Public Relations, solidifying her commitment to mastering the art of communication. Over the years, Puan Harison has carved a distinguished career path, serving as a PR and Communications practitioner in esteemed organizations such as PETRONAS, Silicon Communications, and others. Her tenure at Petrosains Discovery Centre, a PETRONAS subsidiary, marked a pivotal moment where she spearheaded the establishment of robust communication protocols and crisis management procedures.

Transitioning to the PETRONAS Corporate Affairs Department in 2006, Puan Harison played a pivotal role in fortifying corporate reputation through stakeholder engagement and pioneering CSR initiatives. As the driving force behind "Program Bakti Pendidikan PETRONAS," she orchestrated a multifaceted educational campaign, impacting hundreds of volunteers and educators nationwide.

From 2008 to 2012, Puan Harison assumed the role of Learning Manager at the PETRONAS Leadership Centre, where she championed the development of bespoke training programs in Business Communication, Leadership, Emotional Intelligence, and Creativity & Innovation. Her collaboration with renowned institutions like the Thunderbird School of Global Management underscored her commitment to fostering global leadership excellence.

Even in retirement, Puan Harison's dedication to enhancing professional capabilities remains unwavering. Through her communication courses and coaching endeavors, she continues to empower young people, both locally and internationally, in refining their business communication skills across various mediums.

Puan Harison's literary prowess extends beyond the boardroom, with contributions to esteemed publications such as DIMENSION and The Thunderbird School of Business Case Book. Her meticulous attention to detail was evident in her involvement with the PETRONAS Lubricant



HARISON BINTI YUSOFF

*Non-Independent
Non-Executive Director*

Malaysian
Age 67
Female

business case study and the meticulous proofreading of a comprehensive Impact Study Report for MIGHT.

With an illustrious career spanning decades, Puan Harison's multifaceted expertise, coupled with her unwavering dedication to excellence, makes her an invaluable asset to any global company's board of directors.

BOARD COMMITTEES MEMBERSHIP(S)

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

She has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

She attended six (6) out of seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

17 August 2015

TENURE AS DIRECTOR (as at 22 April 2024)

8 years 8 months

DATE OF LAST RE-ELECTION

15 June 2023

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP AND WORKING EXPERIENCE

He is an Associate Member of the Institute of Chartered Secretaries & 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.

BOARD COMMITTEES MEMBERSHIP(S)

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



LEONG FOOK HENG

*Independent
Non-Executive Director*

Malaysian
Age 65
Male

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

17 August 2022

TENURE AS DIRECTOR (as at 22 April 2024)

1 year 8 months

DATE OF LAST RE-ELECTION

15 June 2023

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP AND WORKING EXPERIENCE

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

Datin Ng Fong Shiang started her career with Hong Leong Bank Berhad as Senior Executive in 2002 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 Business Banking 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 was the Chief Financial Officer with a steel manufacturing company from 2017 to 2022. Currently, she serves as an Executive Director of PTT Synergy Group Berhad since 29 May 2023, take leads in corporate finance & governance.

BOARD COMMITTEES MEMBERSHIP(S)

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



DATIN NG FONG SHIANG

*Independent
Non-Executive Director*

Malaysian
Age 45
Female

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

She has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

PTT Synergy Group Berhad

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

She attended all seven (7) Board meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

18 January 2023

TENURE AS DIRECTOR (as at 22 April 2024)

1 year 3 months

DATE OF LAST RE-ELECTION

15 June 2023

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP 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.



LEONG KOK CHAW

*Independent
Non-Executive Director*

Malaysian
Age 62
Male

BOARD COMMITTEES MEMBERSHIP(S)

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

None

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

He attended six (6) out of six (6) Board meetings held since his appointment on 18 January 2023.

BOARD OF DIRECTORS' PROFILE

cont'd

DATE OF APPOINTMENT AS DIRECTOR

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

TENURE AS DIRECTOR (as at 22 April 2024)

Not applicable

DATE OF LAST RE-ELECTION

Not applicable

ACADEMIC / PROFESSIONAL QUALIFICATION / MEMBERSHIP 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.

BOARD COMMITTEES MEMBERSHIP(S)

None



HO HUNG MING

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

Malaysian
Age 32
Male

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER OF STRAITS

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

CONFLICT OF INTEREST

He has no conflict of interest or potential conflict of interest including any interest in any competing business with Straits or its subsidiaries.

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

None

OTHER DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED CORPORATIONS

None

NUMBER OF BOARD MEETINGS ATTENDED DURING THE FINANCIAL YEAR

Not applicable.

PROFILE OF KEY SENIOR MANAGEMENT

QUALIFICATION

Obtained his GCE “O” level in Singapore in 1972.

WORKING EXPERIENCE

Wang Whee Chin 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.



Wang Whee Chin

*Regional Manager,
Tumpuan Megah
Development Sdn Bhd*

Singaporean
Age 69
Male

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 or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATION

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, Ho Khin Choy 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



HO KHIN CHOY

*Chief Executive Officer
Straits CommNet
Solutions Sdn Bhd*

Malaysian

Age 55

Male

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 Networking 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. Save as disclosed, he does not have any family relationship with any other director and/or major shareholders of the Company. He has no has no conflict of interest or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATION

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

Captain Djie Kwang Liong 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.



**CAPTAIN DJIE
KWANG LIONG**

*Chief Operating Officer
Straits Marine
Services Pte Ltd*

Singaporean
Age 47
Male

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 or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATION

Obtained his Malaysian Examination Certificate in 1988.

WORKING EXPERIENCE

Idjal Bin Tahir 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.



IDJAL BIN TAHIR

*Chief Executive Officer
Megah Port
Management Sdn Bhd*

Malaysian
Age 53
Male

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 or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATION

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

WORKING EXPERIENCE

Chai Yiing Jen 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.



CHAI YIING JEN

*Managing Director
Straits Alliance
Transport Sdn Bhd*

Malaysian
Age 45
Male

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 on 19 February 2019.
- No family relationship with any director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He does not hold any directorship in public companies or listed corporations.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd

QUALIFICATION

A Chartered Accountant. Hoh Chee Mun 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

Hoh Chee Mun 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.



HOH CHEE MUN

*Group Chief Financial Officer
Cum General Manager
Straits Energy
Resources Berhad*

Malaysian
Age 59
Male

Before he was appointed as the Financial Controller of the Group in 2017, between 2012 to 2017, he provided general management consultancy and Goods and Services Tax 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 or potential conflict of interest, including any interest in any competing business with the Company or its subsidiaries.
- 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 2023.
- He is currently an Independent Director of QES Group Berhad.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") recognises that maintaining good corporate governance is essential for Straits and its subsidiaries ("**Straits Group**" or "**the Group**") for long-term sustainable business growth and to safeguard and enhance shareholders' value and stakeholders' confidence.

The Board is committed to uphold high standards of corporate governance, business integrity and ethics to cultivate a responsible organisation that adopts practices in accordance with the Principles and Recommendations of the Malaysian Code on Corporate Governance 2021 ("**MCCG**").

This Corporate Governance Overview Statement ("**the Statement**") is presented in accordance with the requirements under Rule 15.25(1) and the provisions in the Guidance Note 11 of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Statement highlights the application of the key corporate governance practices of the Group during the financial year ended 31 December 2023 ("**FY2023**").

In addition to this Statement, the Board has provided detailed disclosures on the application of the MCCG practices in the Corporate Governance Report ("**CG Report**"). Shareholders may download the CG Report through the Company's website at <https://www.straits-energyresources.com>.

Our Group diligently upholds the Principles outlined in the MCCG to maintain high standards of corporate governance. While we largely adhere to the recommended practices, there are several specific areas where we have departed from the MCCG practices for justified reasons which we believe serve the best interests of the Company and its stakeholders.

We have achieved this through the application of the following three (3) key MCCG Principles:-

- Principle A: Board leadership and effectiveness.
- Principle B: Effective audit and risk management.
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Duties and Responsibilities of the Board

The Board is collectively responsible to the Company's shareholders for the long-term success of the Group in terms of strategic direction, values and governance. 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 role and responsibilities of the Board, which are delineated in the Board Charter is available on the Company's website at <https://www.straits-energyresources.com> and are summarised as follows:-

- i) Set the strategic direction of the Group and monitor the implementation of strategies by Management;
- ii) Oversee the conduct of the Company's business;
- iii) Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures;
- iv) Succession planning;
- v) Oversee the development and implementation of effective and timely communications to the shareholders and general public; and
- vi) Review the adequacy and integrity of the management information and internal control system of the Company.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES (cont'd)

Duties and Responsibilities of the Board (cont'd)

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

- i) Group's business strategies and business plan;
- ii) Annual budgets, including major capital expenditure projects;
- iii) Material corporate or financial exercise/restructuring;
- iv) Material acquisition and disposal of assets; and
- v) Significant financial matters.

Division of Responsibilities

In discharging its functions, the Board has delegated specific responsibilities to three (3) Board Committees namely the Audit Committee ("**AC**"), the Nomination & Remuneration Committee ("**NRC**") and the Board Risk & Compliance Committee ("**BRCC**"), each of which operates within its own terms of reference ("**TOR**"). These Board Committees support the Board in certain functions and provide recommendations and advice, with the ultimate responsibility for decisions on all matters in the hands of the Board.

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

The leadership responsibilities within our Board are divided between the Chairman of the Board and the Group Managing Director ("**Group MD**"). The Chairman of the Board is responsible for overseeing the overall effectiveness of the Board, while the Group MD is in charge of managing the day-to-day operations of the business. The Group MD also collaborates with the Board to develop strategic plans and leads the implementation of those plans together with the Management Team.

To facilitate effective management of the business, the Board has delegated authority to the Group MD through an approved Delegated Authority Limit ("**DAL**"). This enables the Group MD to delegate authority to the Executive Directors and the Group's Senior Management at appropriate levels, empowering them to fulfil their responsibilities efficiently.

Chairman of the Board

The Board is led by Y.A.M. Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah, the Non-Independent Non-Executive Chairman.

The Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and sufficient time is allowed for discussion. When chairing Board meetings, the Chairman, amongst others, ensures the following:-

- i) All relevant issues are on the agenda of Board meetings;
- ii) The Board debates strategic and critical issues;
- iii) The Board receives the necessary management reports relating to the Company's business on a timely basis;
- iv) All Directors are able to participate openly in discussions at Board meetings; and
- v) Providing leadership to the Board and is responsible for the developmental needs of the Board.

Further, the Chairman of the Board is not a member of any of the Board Committees to ensure there is check and balance as well as objective review by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES (cont'd)

Board Administration

Our Board is supported by two (2) Company Secretaries who are responsible for equipping the Board with necessary policies, processes, information and resources for its effective and efficient function. The Company Secretaries also ensure compliance with all Board procedures and offer advice to the Directors, as needed.

The Company Secretaries also serve as secretaries to the AC, NRC and BRCC. They have direct access to the Chairman of these Board Committees. In addition to their statutory duties, the Company Secretaries facilitate communication between the Board and Management.

Access to Information and Advice

All Directors, including Independent Non-Executive Directors, have full and timely access to information concerning the Company as they may feel necessary in discharging their duties.

Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors prior to Board meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Board collectively, and each Director individually, has the right to seek independent professional advice in furtherance of their duties, at the Company's expense, subject to the approval by the Board.

Board and Board Committees Meetings and Attendance

Board meetings are held at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the FY2023, the Board met on seven (7) occasions, where they deliberated on a variety of matters including the Group's financial results, strategic decisions and direction of the Group.

Board meetings for the whole year are scheduled ahead at the beginning of each financial year to allow the Directors to plan their schedule ahead to enable them to attend the Board meetings. Directors may participate at the meeting remotely via a designated virtual meeting platform.

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 circulation of meeting materials to Board members is carried out using a secured technological platform which facilitates a seamless information flow and allows for timely enhancements to be made to the materials, if necessary.

At Board meetings, the Group MD/Executive Directors would lead the presentation to the Board and provide comprehensive explanation of the Group's strategy and priorities, business performance and other pertinent issues whilst the Group Chief Financial Officer cum General Manager ("**Group CFO**") would report to the Board on the Group's financial performance and matters related to the finance function whilst the other Management team members are invited to attend the Board meetings for them to report on areas within their responsibility.

During the meetings, Directors are encouraged to participate in the meeting and share their views and insight in the course of deliberation. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting on the resolution. Decisions of the Board are made by consensus.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES (cont'd)

Board and Board Committees Meetings and Attendance (cont'd)

The Company Secretaries are in attendance in every meeting.

The Directors demonstrated exceptional commitment at both our Board and Board Committees meetings throughout FY2023 with almost perfect attendance record and their active participation in deliberations on agendas presented.

The Directors' attendance at Board and Board Committees meetings for FY2023 is summarised 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>	6/7 (86%)	Not Member	Not Member	Not Member
2.	Dato' Sri Ho Kam Choy <i>Group MD</i>	7/7 (100%)	Not Member	Not Member	Not Member
3.	Captain Tony Tan Han (Chen Han) <i>Executive Director</i>	7/7 (100%)	Not Member	Not Member	Not Member
4.	Leong Fook Heng <i>Independent Non-Executive Director</i>	7/7 (100%)	6/6 (100%)	2/2 (100%)	5/5 (100%)
5.	Tan Sri Mohd Bakri Bin Mohd Zinin <i>Non-Independent Non-Executive Director</i>	7/7 (100%)	6/6 (100%)	2/2 (100%)	5/5 (100%)
6.	Harison Binti Yusoff <i>Non-Independent Non-Executive Director</i>	6/7 (86%)	Not Member	Not Member	Not Member
7.	Dato' Yoong Leong Yan <i>Executive Director</i>	7/7 (100%)	Not Member	Not Member	Not Member
8.	Datin Ng Fong Shiang <i>Independent Non-Executive Director</i>	7/7 (100%)	6/6 (100%)	2/2 (100%)	5/5 (100%)
9.	Leong Kok Chaw <i>Independent Non-Executive Director (Appointed as Director on 18/1/2023)</i>	6/6 (100%)	Not Member	Not Member	Not Member

The Board is satisfied with the level of time committed by the Directors toward fulfilling their roles and responsibilities

All the Directors have complied with the minimum requirement of at least 50% attendance of Board meetings during the FY2023 as stipulated in the ACE LR of Bursa Securities.

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.

Code of Ethics, Whistleblowing Policy and Anti-Corruption Policies & Procedures ("Anti-Corruption Policy")

The Group has established a Code of Ethics for Directors which lays out the ethical, business and lawful conduct of the Company, including managing conflicts of interest, preventing the abuse of power, corruption, insider trading etc.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. BOARD RESPONSIBILITIES (cont'd)

Code of Ethics, Whistleblowing Policy and Anti-Corruption Policy (cont'd)

The Group has also adopted the Anti-Corruption Policy which is in line with the implementation of the new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). The Anti-Corruption Policy is applicable to all Directors, employees and any person who performs services for and on behalf of the Group, which includes contractors, sub-contractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

The Board allows employees and associates to report concerns they may have on any suspected and/or known improper conduct, wrongdoing, corruption, fraud and/or abuse in accordance with the procedures as provided under the Whistleblowing Policy.

The Code of Ethics for Directors, Anti-Corruption Policy and Whistleblowing Policy can be found on the Company's website at <https://www.straits-energyresources.com> for reference and to ease access for reporting by Directors, employees and associates of the Group, and it should be noted that these policies are subject to regular review and updates.

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. Employees are expected to act with highest standards of personal and professional integrity in all aspects and to comply with applicable law, regulations and policies.

Directors' Fit and Proper Policy

The Board has adopted a Directors' Fit and Proper Policy, which serves as a guide for the NRC in their review and assessment of candidates proposed for appointment or re-appointment as well as assessment of Directors who are seeking re-election on the Board to ensure that each of the Director has the character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Group in tandem with good corporate governance practices.

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

Sustainability

The Group's core sustainability values, initiatives and performance are communicated to all stakeholders through the Sustainability Statement in the Annual Report. The sustainability targets will be evaluated before they are set for the initiatives.

The current key sustainability considerations of the Group are the employees' well-being, health and safety, employment practices, diversity, environment, compliance, governance and community.

Please refer to our Sustainability Statement in the 2023 Annual Report for details.

Going forward, the Group will set the sustainability target and timeline, and the Board and Management's actions and responsibilities for achieving these targets.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION

Board Balance

The Board currently consists of ten (10) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) Group MD, two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Alternate Director. The composition of the current Board complies with Rule 15.02 of ACE LR of Bursa Securities which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Non-Executive Directors, which comprise majority of Board members, provide the necessary checks and balances in the Board's exercise of its functions by providing an objective and unbiased evaluation of the Board's decisions.

The current Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, banking, corporate affairs, marine and logistics and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at Board level will ensure impartiality.

The Board is satisfied that the size and composition of the present Board is sufficient to provide for a diversity of views, to facilitate effective decision making, and has an appropriate balance of executive, independent and non-independent directors.

Further information on the qualifications of our Directors can be found on the Board of Directors' Profile on pages 21 to 30 of this Annual Report 2023.

Appointment to the Board

The Board may exercise the power pursuant to the Constitution to appoint a person who is willing to act as a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the NRC.

The NRC is entrusted with the role of identifying, assessing and nominating candidates to fill the Board's vacancies and for succession planning. The NRC is also 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.

The NRC leverages on the Directors' wide network of professional and business contacts as well as various channels to identify suitably qualified candidates and the recommendations are based on its assessment of the expertise, skills and attributes of the current Board members and the needs of the Board.

The appointment of new Director would be through a formal and transparent selection process and would take into consideration the evaluation of the individual candidate's abilities in terms of skills, knowledge, experience, expertise and integrity to discharge his/her responsibilities.

The NRC, in making a recommendation to the Board on the candidate for new Board appointment, in the case of candidate for the position of Independent Non-Executive Director, the independence criteria as set out in Rule 1.01 of the ACE LR of Bursa Securities as well as the necessary skill and experience and the ability to discharge such responsibilities as expected from Independent Non-Executive Director to bring an independent and objective judgement on issues are considered by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION (cont'd)

Appointment to the Board (cont'd)

During the FY2023, having conducted the fit and proper assessment, the NRC has reviewed and assessed the experience, skills, time commitment and expertise as well as independence criteria of Leong Kok Chaw before considering his appointment as new Director of the Company. NRC was satisfied that he has fulfilled the required criteria set by the Board.

With the recommendation of the NRC, the Board approved the appointment of Leong Kok Chaw as Independent Non-Executive Director of the Company effective 18 January 2023.

Tenure of an Independent Directors

In accordance with the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years. Upon completion of the twelve (12) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director.

As at the date of this report, none of the Independent Directors have served more than a term of twelve (12) years.

Diversity of Board and Senior Management

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of the MCGG pertaining to the establishment of a gender diversity policy.

The Board recognises the need to enhance boardroom diversity which is not only about diversification in terms of gender, but in terms of age, ethnicity and social backgrounds.

Though the Company does not have a specific policy for setting targets for gender, ethnic or age composition in the Board, the Board has always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board will strive to encourage a dynamic and diverse composition of the Board by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

Currently, the Company has two (2) female Directors out of the total ten (10) Directors (including Alternate Director).

The age of the current Directors (including Alternate Director) ranges from 32 years old to 70 years old as the Board believes that this creates an environment where each generation brings different skills, experiences, and talents to the Board.

Directors' Continuing Education Programme

The Board encourages its members to enroll in appropriate continuing education programme to equip them to serve the interests of the Company. At the same time, the Directors are updated by way of circulars on matters relating to changes to the ACE LR of Bursa Securities and briefing by the Company Secretaries at the Board Meeting following the changes.

All Directors have completed the Mandatory Accreditation Programme ("MAP") as required by the ACE LR of Bursa Securities.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION (cont'd)

Directors' Continuing Education Programme (cont'd)

During the financial year under review, details of the training programmes attended or participated by the Directors are as follows:-

No.	Name of Director	Training/Seminar/Programmes	Date
1.	Y.A.M. Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	▪ Rights and Liabilities of Members	9 December 2023
2.	Dato' Sri Ho Kam Choy	▪ Rights and Liabilities of Members	9 December 2023
3.	Captain Tony Tan Han (Chen Han)	▪ Rights and Liabilities of Members	9 December 2023
4.	Leong Fook Heng	▪ Rights and Liabilities of Members	9 December 2023
5.	Tan Sri Mohd Bakri Bin Mohd Zinin	▪ Rights and Liabilities of Members	9 December 2023
6.	Harison Binti Yusoff	Trainer	
		▪ Conducted training on Conflict Resolution for PETRONAS FLNG Sabah	25-26 September 2023
		▪ Conducted training on Stakeholder Management for Kumpulan Prasarana Rakyat Johor Sdn Bhd	8 October 2023
		▪ The EQ Factor (An Emotional Intelligence Program) to Bank Islam Malaysia Berhad	7-8 November 2023 & 6-7 December 2023
7.	Dato' Yoong Leong Yan	▪ BDO Tax Seminar on Budget 2024	31 October 2023
8.	Datin Ng Fong Shiang	▪ Rights and Liabilities of Members	9 December 2023
9.	Leong Kok Chaw	▪ MAP	11-12 May 2023

NRC

The NRC is established by the Board. The current membership of the NRC comprises entirely Non-Executive Directors and the majority of whom are Independent Directors.

The NRC plays a crucial role in overseeing and continuously reviewing the composition of the Board. This includes assessing the Board's size, the mix of skills, experience, and core competencies of its members, and maintaining a balance between Executive Directors, Non-Executive Directors, and Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. BOARD COMPOSITION (cont'd)

NRC (cont'd)

The NRC also conducts an annual assessment of the overall effectiveness of the Board as a whole and evaluates the individual contribution and performance of each Director, both in the Board and Board Committees.

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 the Company's website at <https://www.straits-energyresources.com>.

Further details of the duties and responsibilities of the NRC are set out in the NRC Report.

Board Effectiveness and Performance Assessment for FY2023

The objectives of Board evaluation are to assess all aspects of the effectiveness of the Board as a whole and its Board Committees and individual Directors. The evaluation of the Board, Board Committees, individual Directors and Independent Directors are reviewed by the NRC annually.

Directors completed questionnaires which assessed their individual and collective performance, facilitated by the external Company Secretaries from independent external secretarial firm. The results of the assessment were tabled to the NRC for review and comments which were subsequently briefed to the Board.

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

Further details on the Board Effectiveness Evaluation are set out in the NRC Report.

Retirement and Re-election of Directors

The performance and contribution of retiring Directors who are recommended for re-election at the forthcoming Annual General Meeting ("**AGM**") will be assessed through the Board's annual evaluation process, which includes considering the independence of Independent Non-Executive Directors, guided by the Directors' Fit and Proper Policy.

The NRC is responsible for making recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM.

The recommendation for the re-election of the Directors is subject to the approval of shareholders at the AGM.

Further details on the retirement and re-election of Directors are set out in the NRC Report.

III. REMUNERATION

Directors' Remuneration

The determination and recommendation of remuneration framework for the Non-Executive Directors, Executive Directors and Group MD of the Company is the responsibility of the NRC.

Each Director does not participate in the discussion of his/her own remuneration. Directors' fees are subject to approval by the shareholders at the Company's AGM.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

cont'd

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

III. REMUNERATION (cont'd)

Directors' Remuneration (cont'd)

The remuneration packages of Executive Directors include salaries and benefits-in-kind which are linked to the Group's performance. The remuneration of the Non-Executive Directors consists of fixed fees and meeting allowances for their services in connection with the Board and Board Committees meetings.

The Board believes that the level of remuneration offered by the Company is sufficient to attract and retain Group MD, Executives and Non-Executive Directors who are needed to run the Company, and to maximise shareholders' value.

The component parts of remuneration packages have been structured to link rewards to corporate and individual performances for Group MD and Executive Directors, whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

In addition, all Senior Management and Directors are indemnified under a Directors and Officers' Liability Insurance against any liability incurred by them in discharging their duties.

The remunerations of the Group MD and Executive Directors are in accordance with the terms of their employment contracts which were approved by our Board. The remuneration package reflects the Group MD and Executive Directors' responsibilities and contributions to the Company, prerequisite qualifications and experience, strategic targets and performance of the Group (amongst others).

Detailed disclosure of Directors' remuneration on named basis are disclosed in the Corporate Governance Report 2023 which is available on the Company's website at <https://www.straits-energyresources.com>.

Top Five (5) Key Senior Management's Remuneration

The Board has opted not to disclose on a named basis of the top five (5) Key Senior Management's remuneration. The Board is of the view that the disclosure of the Key Senior Management's remuneration would be unfavourable to the Group as talent poaching is common in the industry and the Group would like to ensure employee retention efforts are safeguarded.

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 FY2023 on unnamed basis in the bands of RM50,000.00 is adequate.

Range of Remuneration per annum (RM)	No. of Key Senior Management (Group Basis)
150,001 - 200,000	1
200,001 - 250,000	1
250,001 - 300,000	-
300,001 - 350,000	-
350,001 - 400,000	-
400,001 - 450,000	-
450,001 - 500,000	-
More than 500,000	3

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

I. INTEGRITY IN FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the ACE LR of Bursa Securities, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Statement of Directors' Responsibilities made pursuant to Sections 248 to 249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, to present a true and fair assessment of the Company's position and prospects.

Interim financial reports were reviewed by the AC and approved by the Board prior to release to Bursa Securities.

II. AC

To assist in the discharge of its duties on financial reporting, the Board has established an AC, comprising three (3) Non-Executive Directors, with Leong Fook Heng, an Independent Non-Executive Director, as the AC Chairman.

The AC assists the Board in overseeing the financial reporting of the Group by reviewing the quarterly financial results and annual audited financial statements to ensure that they are drawn up in accordance with the applicable financial reporting standards and the requirements of the Companies Act 2016 prior to recommending them for approval by the Board and subsequent issuance to the shareholders.

The AC's objectives are, among others, providing an additional assurance to the Board by giving objective and independent reviews of the Group's financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforce the independence of the Company's Internal and External Auditors, thereby ensuring that the Internal and External Auditors have autonomy and independence in their audit process.

The Board through the AC has established a formal and transparent relationship with the External Auditors which have been maintained on a professional basis. The AC has in place policies and procedures to review and assess the appointment or re-appointment of the External Auditors in respect of their suitability, objectivity and independence.

The External Auditors have provided assurance to the AC on its independence via the Audit Planning Memorandum. The AC also has a meeting with the External Auditors without the presence of the executive Board members and Management to discuss on key concerns and obtained feedback relating to the Company's affairs.

The AC has conducted an annual assessment on the suitability, objectivity and independence of External Auditors, Messrs. Moore Stephens Associates PLT for the FY2023 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. AC (cont'd)

Similar to the External Auditors, Internal Auditors are also directly reporting and access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The term of office and performance of the AC and its members are reviewed by the NRC annually to determine whether such AC and members have carried out their duties in accordance with the TOR.

The composition and a summary of the activities of the AC carried out during the FY2023 are set out separately in the AC Report on pages 58 to 63 of this Annual Report.

III. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges that risk management and internal controls is an integral part of the overall management processes which is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

The Board is responsible for overall oversight of risk management in the Group, while the Executive Directors and Management team are primarily responsible for managing risks in the Group.

The Board delegates to the BRCC and AC the tasks 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.

Through both the BRCC and AC, the Board is kept informed on all significant risks and internal control issues brought to attention by the Risk Management Committee, the Internal Auditors and the External Auditors.

The Board has adopted a Enterprise Risk Management Framework to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and that the existing internal control and risk management systems are adequate and effective to enable the Group to achieve its business objectives.

The details of the Group's systems of risk management and internal control are reported in the Statement on Risk Management and Internal Control in this Annual Report.

The Internal Audit Function is outsourced to Resolve IR Sdn Bhd, an independent internal audit professional firm. The Internal Auditors have conducted their works with reference to the broad principles of the International Professional Practice Framework of the Institute of Internal Auditors.

Besides reviewing the internal control systems, the Internal Auditors also assess the governance, risk management and anti-corruption practices of the Group.

The details of the Internal Audit Function are disclosed in the AC Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. ENGAGEMENT WITH STAKEHOLDERS

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.

To ensure consistency and adherence to best practices, our Group has established a Corporate Disclosure Policy. Our Group's spokespersons strictly adhere to this policy, ensuring that all communications align with our disclosure guidelines.

Leveraging the power of information technology, we employ various channels to disseminate information to our stakeholders as follows:-

Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements in the dedicated website of Bursa Securities at <https://www.bursamalaysia.com>.

Corporate Website

The Company also maintains its corporate website that allows all shareholders and investors' access to information about the Group at <https://www.straits-energyresources.com> which is updated regularly to provide the latest information about the Group, including announcements and quarterly results of the Group.

A dedicated "*Latest Press Release*" section which provides access to the press/media releases made by the Company, for ease of reference by the shareholders.

Annual Reports

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Group's operations, activities and performance for the past financial years.

AGM/General Meetings

The AGM/General Meetings remains principal forums used by the Group for communication with its shareholders.

Investor Relations

Shareholders and other interested parties are welcomed to contact the Company should they have any comments, questions or concerns, by writing in to the Company's general email address or facsimile and/or making calls via telephone.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. CONDUCT OF GENERAL MEETINGS

The AGM represents the principal forum for dialogue and interaction with shareholders where shareholders are informed of current developments. At the AGM, the Board provides ample time for the question and answer session and for shareholders to give their views to the Board. All members of the Board and the External Auditors are present at the AGM to respond to shareholders' queries during the meeting.

The Notice of AGM and Annual Report are sent out to shareholders at least twenty-eight (28) days before the meeting.

In light of our commitment to ensuring the safety and well-being of all individuals, our Extraordinary General Meeting ("**EGM**") and 26th AGM of the Company were held virtually on 27 March 2023 and 15 June 2023 respectively.

By adopting virtual meeting arrangements, we ensured that shareholders have the opportunity to participate and engage in the decision-making processes of the AGM and EGM, regardless of their geographic location.

The entire Board, including the Group MD and Key Senior Management Team, attended the AGM virtually demonstrating their commitment to engaging with shareholders.

The virtual format facilitated the submission of questions in advance and during the meetings, allowing for interactive and informative sessions. The proceedings were conducted with the utmost transparency and adherence to relevant regulations.

All resolutions set out in the Notices of the EGM and AGM are put to vote by poll and the votes casted were validated by an independent scrutineer appointed by the Company.

Through virtual platforms, we successfully convened the EGM and 26th AGM to obtain the necessary approvals from our shareholders for the proposed resolutions tabled. The outcome of all resolutions proposed at the EGM and AGM were announced to Bursa Securities by the end of the meeting day.

The significant attendance recorded at both the AGM and EGM underscored the shareholders' support and interest in the business performance of the Company. We are appreciative of our shareholders' active involvement and valuable contributions during the EGM and 26th AGM.

The Minutes of the EGM and 26th AGM of the Company are available for shareholders inspection upon request.

COMPLIANCE WITH THE MCCG

Although Straits is not a Large Company (defined as listed on FTSE Bursa Malaysia Top 100 index or market capitalisation of RM2 billion and above) for the FY2023, the Board is committed to ensure high standards of governance are practiced wherein the Company has adopted and applied substantially the practices of the MCCG.

Since the Company is not categorised as a "Large Company", it has not adopted integrated reporting based on a globally recognised framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Board will continue to refine and seek to build upon the enhanced corporate disclosure requirements as required by Bursa Securities (and other regulators), to better operationalise and improve the Group's corporate governance practices and procedures in the best interest of all our stakeholders.

The Board shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

This Statement is to be read in conjunction with the CG Report, which is made available on the Company's website at <https://www.straits-energyresources.com>.

The Statement was approved by the Board on 22 April 2024.

NOMINATION & REMUNERATION COMMITTEE REPORT

This report has been prepared in compliance with Rule 15.08A(3) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). Straits Energy Resources Berhad (“**the Company**” or “**Straits**”) has established a combined Board Committee comprising the Nomination Committee and Remuneration Committee into one Committee known as Nomination & Remuneration Committee (“**NRC**”).

This report provides an overview of the activities undertaken by the NRC during the financial year ended 31 December 2023 (“**FY2023**”).

The NRC has reviewed this report and it has been subsequently approved by the Board of Straits for inclusion in the Annual Report 2023.

COMPOSITION

The composition of the NRC adheres to Rule 15.08A(1) of the ACE LR of Bursa Securities. Pursuant to the ACE LR of Bursa Securities, the Nomination Committee must consist exclusively of Non-Executive Directors (“**NEDs**”), with a majority of them being independent.

In discharging its duties and responsibilities, the NRC is guided by its Terms of Reference (“**TOR**”) which is available on the Company’s website at <https://www.straits-energyresources.com>.

The NRC is chaired by Datin Ng Fong Shiang, who serves as an Independent Non-Executive Director. This appointment is consistent with Practice 5.8 of the Malaysian Code on Corporate Governance 2021, which recommends that the Nomination Committee should be chaired by an Independent Director or the Senior Independent Director.

As at the date of this report, the members of the NRC are as follows:-

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

The NRC shall meet at least once a year and at such other times as the Chairman of the NRC considers necessary or appropriate and the quorum for a meeting of the NRC shall be at least two (2) members.

During FY2023, two (2) meetings of the NRC were held with the attendance of members of the NRC as reflected on page 40 of this Annual Report.

The Company Secretaries who are also the secretaries to the NRC attended all the NRC meetings held during the financial year under review.

All deliberations during the NRC meetings were duly minuted by the Company Secretaries in attendance. The minutes of the NRC meetings were tabled for confirmation at every succeeding NRC meeting.

The Chairman of the NRC shall report and convey the recommendations by NRC to be approved and adopted by the Board.

NOMINATION & REMUNERATION COMMITTEE REPORT

cont'd

KEY DUTIES & RESPONSIBILITIES OF THE NRC

- i) Recommend new appointment of Directors to the Board.
- ii) Recommend appointment of members to Board Committees.
- iii) Recommend re-election of Directors to the Board.
- iv) Review the Board structure, size and composition.
- v) Evaluate the performance and effectiveness of the Board, Board Committees and individual Directors.
- vi) Assess the independence of the Independent Non-Executive Directors (“INEDs”).
- vii) Review 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.
- viii) Review and recommend to the Board the quantum of performance related bonuses, benefits-in-kind and Employee Share Options, if available, to be given to the Executive Directors.
- ix) Review and recommend 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.
- x) Recommend to the Board the remuneration and reward framework for Directors and Group Managing Director/Chief Executive Officer to attract and retain its Directors and Management giving due regard to the financial situation and performance of the Company.

SUMMARY OF KEY ACTIVITIES

The activities undertaken by the NRC up to 22 April 2024 included the following:-

1. Appointment of Directors

The appointment of Directors is the responsibility of the Board after considering the recommendations of the NRC.

The Board adopts a flexible approach when selecting and appointing new Directors depending on the circumstances and timing of the appointment. Currently, the sources to identify suitably qualified candidates for appointment of Directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and the NRC would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

In assessing suitability of candidates, consideration will be given to the mix of skills, experience, competencies, character, time commitment and integrity of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in the Board in addition to an understanding of the business, markets and industry in which the Group operates and the accounting, finance and legal matters.

In FY2023, the NRC reviewed and recommended the appointment of Leong Kok Chaw as an Independent Non-Executive Director and his remuneration package to the Board for approval.

The Company Secretaries ensure that all appointments are properly made, and that legal and regulatory obligations are met.

NOMINATION & REMUNERATION COMMITTEE REPORT

cont'd

SUMMARY OF KEY ACTIVITIES (cont'd)

2. Re-election of Directors at the 26th Annual General Meeting (“AGM”) held on 15 June 2023

In the 26th AGM, the re-election of Directors was a significant aspect of the process, demonstrating our commitment to maintaining a strong and capable Board. Y.A.M. Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah, Dato' Sri Ho Kam Choy, Leong Fook Heng, Dato' Yoong Leong Yan, Datin Ng Fong Shiang and Leong Kok Chaw were recommended for re-election. The retiring Directors met the fit and proper criteria and the Board was satisfied with their performance and contribution.

The re-elections of Y.A.M. Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah, Dato' Sri Ho Kam Choy, Leong Fook Heng, Dato' Yoong Leong Yan, Datin Ng Fong Shiang and Leong Kok Chaw as Directors of the Company were approved by the shareholders in the said 26th AGM.

3. Retirement and Re-election of Directors

Directors' re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. The provision on the re-election of Directors is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the AGM following their appointment.

The Company's Constitution also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each AGM and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

A Director who has expressed his/her intention to be re-elected will be assessed by the NRC and Board to determine if he/she has performed and discharged his/her responsibilities and if his/her re-election is justified.

The NRC following its review of the fit and proper criteria, performance and contribution of the following retiring Directors, recommended to the Board on the proposal for their re-election at the 2024 AGM:-

- i) The re-election of Tan Sri Mohd Bakri Bin Mohd Zinin who is due to retire but shall be eligible for re-election pursuant to Clause 21.6 of the Constitution of the Company at the forthcoming AGM.
- ii) The re-election of Captain Tony Tan Han (Chen Han) who is due to retire but shall be eligible for re-election pursuant to Clause 21.6 of the Constitution of the Company at the forthcoming AGM.
- iii) The re-election of Harison Binti Yusoff who is due to retire but shall be eligible for re-election pursuant to Clause 21.6 of the Constitution of the Company at the forthcoming AGM.

The Board concurred with the recommendations by the NRC and is therefore seeking the approval of the shareholders for re-election of Tan Sri Mohd Bakri Bin Mohd Zinin, Captain Tony Tan Han (Chen Han) and Harison Binti Yusoff as Directors of the Company.

It should be noted that Tan Sri Mohd Bakri Bin Mohd Zinin, Captain Tony Tan Han (Chen Han) and Harison Binti Yusoff have abstained from the deliberations of this matter.

To assist the shareholders in their decision, information of Directors standing for re-election are outlined in the Board Profile covering experience, profession, directorships in other public companies and attendance of the Board meetings of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE REPORT

cont'd

SUMMARY OF KEY ACTIVITIES (cont'd)

4. Board Effectiveness Evaluation

The NRC carried out the assessment on contribution and performance of the Board as a whole, the Board Committees and individual Director including assessment on independence of the Independent Directors through self-assessment and peer-assessment practice for FY2023.

Evaluation forms which encompass a wide range of questionnaires, including but not limited to professionalism, availability, business knowledge, industry knowledge, meeting attendance, Board participation, composition, relevant skill and experience were circulated electronically to the Directors for their input and completion.

The results of the assessment were tabled to the NRC for review and comments which were subsequently briefed to the Board. All assessments and evaluations carried out were properly documented.

For the year under review, the evaluations was carried out internally by the NRC and the Board. The evaluation was facilitated by the external Company Secretaries from an independent external secretarial firm making references to the guides available and the good corporate governance compliance. The results and recommendations from the evaluation of the Board and Board Committees are presented to the Board for full consideration and action.

Based on the assessment carried out during the FY2023, the NRC has concluded the following:-

- i) The overall performance of the Board, Board Committees and individual Directors were found to be satisfactory. The efficacy of the Board Chairman and the proactiveness of Directors were highlighted as areas of strength.
- ii) The Board's dynamics are healthy and effective. The present members of the Board possess appropriate skills, experience and qualities to steer the Company forward. The NRC was also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.
- iii) The Board Committees were functioning effectively, meeting the objective as set out in their TORs and assisting the Board in fulfilling their statutory and fiduciary responsibilities adequately.
- iv) The Directors have discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- v) The three (3) INEDs of the Company have remained objective and independent.

The independence of the three (3) INEDs was assessed based on self-assessment checklist, their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times in Board and/or Board Committee meetings.

Based on the assessment carried out, the NRC was satisfied and concluded that with the level of independence demonstrated by all the INEDs namely Leong Fook Heng, Datin Ng Fong Shiang and Leong Kok Chaw. They are independent of management and free from any business or other relationships which could interfere with the exercise of independent judgement. They have acted in the best interests of the Company and each of them continues to fulfil the definition of independence as set out in the ACE LR of Bursa Securities.

As at the date of this report, none of the INEDs has exceeded a cumulative term of twelve (12) years.

NOMINATION & REMUNERATION COMMITTEE REPORT

cont'd

SUMMARY OF KEY ACTIVITIES (cont'd)

4. Board Effectiveness Evaluation (cont'd)

- vi) The NRC also assessed the training needs of each Director by determining areas that would strengthen their contributions to the Board. 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.

5. Reviewed the terms of office of the members of the Audit Committee ("AC") and performance of AC

The NRC reviewed the terms of office and performance of the members of the AC in accordance with Rule 15.20 of the ACE LR of Bursa Securities and concluded that the AC members have carried out their duties and responsibilities in accordance with the TOR of AC.

6. Reviewed and recommended the revised remuneration package for the Group Managing Director ("Group MD") and allowance for Executive Directors

The remuneration package of the Group MD and Executive Directors generally in line with the executive compensation package of the Group and to a certain extent, is dictated by market competitiveness and is tailored to retain and motivate the talents needed by the Group to effectively manage and operate the business of the Group.

The contribution, responsibilities and performance of the Group MD and Executive Directors are taken into account when determining their remuneration packages.

The NRC reviewed and recommended the revised remuneration package of the Group MD and Executive Directors and approved by the Board.

7. Reviewed and made recommendation to the Board in respect of Non-Executive Directors ("NEDs") Fees and Benefits

The NEDs are paid Directors' fees and attendance allowance for each Board meeting, Board Committee meeting and general meeting attended. Directors of Straits are also covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties while holding office as Directors of Straits.

The fees and benefits fairly reflect the responsibilities and time spent by the NEDs on the Group's affairs.

Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors have abstained from participation in deliberations and decisions regarding their individual remuneration.

The NRC on 18 April 2023 reviewed and recommended to the Board the fees to Directors and Directors' benefits payable to the NEDs for the period from 1 July 2023 to 30 June 2024 as follows for shareholders' approval at AGM in year 2023 :-

- i) Approval of the payment of Directors' Fee up to an amount of RM488,000 for the period from 1 July 2023 until 30 June 2024.
- ii) Approval of the payment of Directors' Benefits to the NEDs up to an amount of RM310,000 for the period from 1 July 2023 until 30 June 2024.

NOMINATION & REMUNERATION COMMITTEE REPORT

cont'd

SUMMARY OF KEY ACTIVITIES (cont'd)

7. Reviewed and made recommendation to the Board in respect of NEDs' Fees and Benefits (cont'd)

The NRC on 22 April 2024 reviewed and recommended to the Board the fees to Directors and Directors' benefits payable to the NEDs for the period from 1 July 2024 to 30 June 2025 as follows for shareholders' approval at AGM in year 2024:-

- i) To approve the payment of Directors' Fee up to an amount of RM534,000 for the period from 1 July 2024 until 30 June 2025.
- ii) To approve the payment of Directors' Benefits to the NEDs up to an amount of RM310,000 for the period from 1 July 2024 until 30 June 2025.

8. Confirmed the minutes of the NRC meetings and reviewed the NRC Report for inclusion in the Annual Report

The NRC reviewed and confirmed its minutes of meeting in the subsequent NRC meetings and reviewed and tabled to the Board the NRC Report on yearly basis to the Board for approval.

This statement was made in accordance with a resolution of the Board dated 22 April 2024.

AUDIT COMMITTEE REPORT

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial year ended 31 December 2023 ("**FY2023**") in compliance with Rule 15.15 of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

This report which provides insights into the manner which the AC discharged its functions for the Group in FY2023 has been approved by the Board for inclusion in this Annual Report 2023.

During the financial year, the AC carried out its duties and responsibilities in accordance with its Terms of Reference ("**TOR**") and held discussions with the External Auditors, Internal Auditors and members of the Management.

COMPOSITION

The AC was appointed by the Board comprising three (3) members, all of whom are Non-Executive Directors ("**NEDs**") with a majority of them being Independent Non-Executive Directors ("**INEDs**").

The profile of each member of the AC is set out in the Board of Directors' Profile section of this Annual Report.

The AC composition and type of directorship are set out below:-

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>

The composition of the AC is in line with Rule 15.09 of the ACE LR of Bursa Securities where:-

- All AC members are NEDs and a majority of them are INEDs, including the Chairman
- No alternate Director is appointed as a member of AC

Leong Fook Heng is a member of the Malaysian Institute of Accountants ("**MIA**") and Associate Member of Chartered Institute of Management Accountants (United Kingdom).

The Chairman of the AC is not the Chairman of the Board and none of the AC members is a former partner of the External Auditors of the Company.

All members of AC are financially literate, able to analyse and interpret Financial Statements, understand the financial reporting processes and matters under the purview of the AC.

TOR

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

The duties and responsibilities of the AC are set out in the TOR of the AC, which was last reviewed and approved by the Board on 29 August 2023, a copy of which is available on the Company's website at <https://www.straits-energyresources.com>.

AUDIT COMMITTEE REPORT

cont'd

AC MEETINGS

The AC has six (6) meetings during FY2023 and the details of attendance are as follows:-

No.	Name of Directors	Designation	No of Meetings attended	%
1.	Leong Fook Heng	Chairman	6/6	100
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	Member	6/6	100
3.	Datin Ng Fong Shiang	Member	6/6	100

ATTENDANCE AT MEETINGS

The Company Secretaries who are also the secretaries to the AC attended all the AC meetings held during FY2023. The Internal and External Auditors are 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**"), Executive Directors, 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.

Representatives of the External Auditors, Messrs. Moore Stephens Associates PLT ("**Moore Stephens**") were also present at three (3) meetings of the AC to present the Audit Review Memorandum 2022, Company and the Group's financial statements for the financial year ended 31 December 2022 and FY2023 Audit Plan.

The AC also has a private session held on 18 April 2023 with the External Auditors without the presence of any executive Board members and Management to discuss on issues and significant matters highlighted by the External Auditors.

TERMS OF OFFICE OF AC MEMBERS AND ANNUAL ASSESSMENT

The terms of office and performance of the AC as a whole and each individual AC members were evaluated by the Board via the Nomination & Remuneration Committee for the FY2023 pursuant to Rule 15.20 of the ACE LR of Bursa Securities. The Board was satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with AC's TOR.

REPORTING TO THE BOARD

After each AC meeting, the AC Chairman shall update and report to the Board on activities and significant matters discussed at every AC meeting as well as the AC's recommendations to the Board for consideration.

SUMMARY OF ACTIVITIES OF AC

A summary of activities of the AC in the discharge of its duties and responsibilities for the FY2023 included the following:-

1) Financial Results

- i) Reviewed the unaudited quarterly financial reports for announcement to Bursa Securities before recommendation to the Board for consideration and approval for their release to Bursa Securities. Such reviews were conducted together with the Group CFO.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

1) Financial Results (cont'd)

When reviewing the reports, the Group CFO assured the AC that the financial reports had been prepared based on the consistent application of generally acceptable accounting policies and standards, that there were no material misstatements, and that the financial reports gave a true and fair view of the financial positions of the Company and of the Group as at the respective reporting dates.

- ii) Reviewed the consolidated Audited Financial Statements of the Company and the Group for financial year ended 31 December 2022 ("**FY2022**") together with the Directors' and Auditors' Reports thereon and ensuring that the statements comply with the Malaysian Financial Reporting Standards, prior to recommendation to the Board for their consideration and approval.

The review was to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards as set by the Malaysian Accounting Standards Board ("**MASB**").

The AC has obtained reasonable assurances from Group CFO and External Auditors that all changes in significant accounting policies had been implemented, applicable accounting standards approved by 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 Audited Financial Statements was not subject to any qualification.

2) External Auditors

- i) Reviewed the Audit Review Memorandum prepared by the External Auditors, Moore Stephens, for the FY2022.
- ii) Reviewed and recommended to the Board the External Auditors' Audit Planning Memorandum for the FY2023, which detailed the terms of engagement for statutory audits, independence of the External Auditors team, audit approach, areas of audit emphasis, risk assessment, reporting timeline as well as development in laws and regulations and financial reporting standards.
- iii) Reviewed the issues raised by Moore Stephens pertaining to the audit carried out on the financial statements, including opportunities for improvement to internal controls based on observations made in the course of the audit.
- iv) Discussed matters required under International Standard on Auditing (ISA 260) – Communications with those charged with governance.
- v) Reviewed and discussed on the applicability and the impact of the new accounting standards and new financial reporting regime issued by the MASB.
- vi) Reviewed and discussed with Moore Stephens the financial statements for the FY2022, significant issues and concerns arising from the audit, summary of misstatements, key audit matters as well as the adequacy of disclosures in the financial statements, before recommending the same to the Board for approval.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

2) External Auditors (cont'd)

- vii) Reviewed the External Auditors' Report to the AC and management letter together with management's corrective actions taken to address the findings of the External Auditors. Based on the AC's review, the AC was satisfied that the financial statements taken as a whole has provided a true and fair view of the Company and of the Group's financial position and performance.
- viii) Reviewed the statutory audit fees for FY2022 by Moore Stephens or its affiliates to the Group and recommended the same for the Board's approval.
- ix) Reviewed the nature, scope and fees for non-audit services provided by Moore Stephens or its affiliates to the Group and ensured that the services were justified and reasonable. This was to determine whether the services rendered would impair the External Auditors' independence and objectivity and reduce potential conflicts of interest.

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 objectively.

- x) Discussed with Moore Stephens during the financial year, without the presence of executive Board members and Management to apprise on matters in regard to the audit and financial statements.
- xi) Assessed the performance of Moore Stephens for the FY2023 covering areas such as caliber, quality processes, audit team, audit scope, audit communication, audit governance, suitability and independence.

Moore Stephens has provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.

Following the outcome of the assessment and having satisfied with the External Auditors' performance, suitability and independence, the AC at its meeting has recommended to the Board for approval of the re-appointment of Moore Stephens as External Auditors of the Company for FY2023.

At the Annual General Meeting held on 15 June 2023, the shareholders has approved the re-appointment of Moore Stephens as External Auditors of the Company.

3) Internal Audit

- i) Reviewed the Internal Audit Plan prepared by Resolve IR Sdn Bhd ("**Resolve**"), outsourced Internal Auditors for financial year ending 31 December 2024 to ensure the adequacy of the scope of work based on key areas and recommended to the Board for approval.
- ii) Reviewed the Internal Audit Reports which incorporated findings, recommendations and Managements' responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by the Management.
- iii) Reviewed the Internal Audit reports on related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions ("**RRPTs**").

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

4) Related Party Transactions

- iv) Reviewed, with the assistance of the Internal Auditors, RRPTs entered into by the Company and the Group and the RRPT Procedures adopted by the Group; and the adequacy, appropriateness and compliance of the procedures established to monitor RRPTs.
- v) Reviewed sufficiency of the Company and the Group's procedures to ensure that RRPTs were not more favorable to the related party than those generally available to the public and were not to the detriment of the minority shareholders.
- vi) Reviewed and ensured that the related party transactions were conducted in the best interest of the Company and the Group.
- vii) Reviewed on a quarterly basis the actual transacted value of RRPTs matching them against the mandate from shareholders reported by the Group CFO to ensure compliance with the ACE LR of Bursa Securities and to monitor for the required action, such as an immediate announcement, in the event the actual value of a mandated RRPTs exceeds the estimated value of the RRPTs disclosed in the previous year's RRPTs Circular to Shareholders, which shareholders has approved, by 10% or more.
- viii) Reviewed the Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for RRPTs of a Revenue or Trading Nature and new Shareholders' Mandate for additional RRPTs before tabling to the Board for its recommendation to the shareholders for approval.

5) Conflict of Interest

Monitored potential conflicts of interest involving Directors and ensured that such situations of conflict were avoided and that the requirements under the Directors' Code of Ethics were adhered to.

6) Annual Report

Reviewed disclosure on Corporate Governance Overview Statement, Corporate Governance Report, AC Report and the Statement on Risk Management and Internal Control for FY2022 prior to recommend the same to the Board for consideration and approval for inclusion in the Annual Report.

7) Others

Reviewed and recommended the proposed revisions to the TOR of AC to the Board for consideration and approval.

INTERNAL AUDIT FUNCTION

The Internal Audit function served to assist the AC in evaluating the adequacy and effectiveness of the governance, risk management and internal control systems of the Group and provide recommendations for improving such systems.

During the FY2023, the Internal Audit Function of the Group is outsourced to an independent internal audit professional firm, Resolve, which reports directly to the AC and assists the Board in monitoring and managing risks and internal controls.

The main role of the Internal Audit Function is to carry out independent assessments of the adequacy and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION (cont'd)

The internal audit engagement is led by Mr. Choo Seng Choon ("**Mr. Choo**") who has diverse professional experience in internal audit, risk management and corporate governance advisory.

He is a Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors with over 25 years of professional experience in multi discipline including internal audit, risk management, corporate governance, performance and business management, IPOs, taxation, due diligence and corporate finance. Mr. Choo is also a Fellow Chartered Certified Accountant, UK.

During the FY2023, the number of staff deployed for the internal audit reviews was six (6) staff (including the Engagement Director). The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. The internal audit staff on the engagement team are free from any relationship or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework of the Institute of Internal Auditors.

Before the commencement of the internal audit reviews, an internal audit plan is presented to the AC for their deliberation and approval. Upon approval by the AC, internal audit reviews would be carried out in accordance with the approved internal audit plan.

The results of the audit reviews and the recommendations for improvement were discussed with Senior Management and subsequently presented to the AC at their quarterly meetings. Prior to the presentation of reports and findings to the AC, comments and response from the Management were obtained and incorporated into the internal audit findings and reports.

During the FY2023, internal audit activities have been carried out in accordance with the approved internal audit plan. Based on the approved internal audit plan, the Internal Auditor conducted two (2) audits during the FY2023 as follows:-

- i) RPPTs
- ii) Financial Management and Operation Management of Straits Marine Services Pte Ltd and Straits Maritime Services Pte Ltd

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

The total cost incurred during the current financial year for the internal audit function of the Group was RM36,310.83 for FY2023.

Details of internal audit activities and scope of coverage for the financial year under review, are set out in the Statement on Risk Management & Internal Control included in this Annual Report.

This report is made in accordance with the approval of the Board on 22 April 2024.

THE BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

Straits Energy Resources Berhad is required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that its Board make a statement explaining the Board's responsibility for preparing the annual audited financial statements.

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2023 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting and the Companies Act 2016 ("**CA 2016**") to give a true and fair view of the affairs of the Company and its Group. The Statement by the Directors pursuant to Section 251(2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2023.

The Directors are satisfied that appropriate accounting policies were used and applied consistently in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2023. The Directors are of the view that the relevant approved financial reporting standards have been observed and adopted in the preparation of these financial statements.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company as well as to prevent and detect fraud and other irregularities.

This statement was approved by the Board on 22 April 2024.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**Board**") of Straits Energy Resources Berhad ("**Straits**" or "**the Company**") and its subsidiaries ("**Straits Group**" or "**the Group**") is pleased to present the Statement on Risk Management and Internal Control ("**SORMIC**" or "**the Statement**") which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("**ACE LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the relevant principles and practices of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2023 ("**FY2023**") and up to the date of approval of this Statement for inclusion in the Annual Report.

RESPONSIBILITY AND COMMITMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible and accountable for the Group's risk management framework and system of internal control. This responsibility and accountability include the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control encompasses governance, financial, organisational, operational and compliance controls.

In addition, the Board has effective oversight of the audit findings and recommendations highlighted by both the Internal Auditors and the External Auditors.

Due to the limitations inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's desired objectives. Accordingly, it can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

The Board has formalised an Enterprise Risk Management Framework ("**ERM Framework**") that encompasses relevant policies and guidelines to streamline the Group's risk management in a structured and comprehensive manner to safeguard shareholders' investment and the Group's assets.

This ERM Framework accords largely with the ISO31000:2018 Risk Management – Guidelines, which set out the key principles, framework and process of risk management. With this ERM Framework, the Board has established an on-going process to identify, evaluate, control, report and monitor significant business risks faced by the Group on an ongoing basis.

In evaluating the adequacy of risk management and internal control across the Group, the Board is assisted by the Board Risk and Compliance Committee ("**BRCC**") to ensure the Management is managing the Group's key risks with integrity and transparency, and with the objective of safeguarding the interest of shareholders and other stakeholders. The BRCC remains focused on the Group's key risks. The BRCC reviews risk management initiatives, actions and measures implemented by the Management to ensure that the Group's risks are identified and assessed, and control measures are put in place and functioning as intended in addressing these risks.

On the other hand, the key responsibilities of the Audit Committee ("**AC**") is to review and monitor the effectiveness of the Group's internal control system and the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance. The AC receives assurance reports from the Internal Auditors on findings from audits carried out at operating units, and the External Auditors on areas for improvement identified during the course of the statutory audit.

Through both the BRCC and AC, the Board is kept informed on all significant risks and internal control issues brought to attention by the Risk Management Committee ("**RMC**"), the Internal Auditor and the External Auditors.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

RESPONSIBILITY AND COMMITMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The BRCC's authority and duties are governed by its Terms of Reference, which is available on the Company's 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

The BRCC has five (5) meetings during FY2023, to discuss key risks and the relevant mitigating controls.

For exceptional matters requiring urgent BRCC's recommendations, the BRCC recommendations are obtained via written resolution which are supported with information necessary for an informed decision.

During the financial year under review, the Group monitored significant risks and risk mitigation strategies on an ongoing basis through its RMC. Under the purview of the RMC, the respective heads of each operating subsidiary and department of the Group are empowered with the responsibility of managing their respective operations.

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 ERM Framework with the following key elements:-

- i) Effective and efficient risk management processes contribute to good corporate governance and are integral to the achievement of business objectives.
- ii) Risk management is embedded into day-to-day management processes and is extensively applied in decision making and strategic planning.
- iii) Risk management processes take advantage of opportunities, manage uncertainties, and minimise threats.
- iv) 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 ("**Group MD**"), 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.

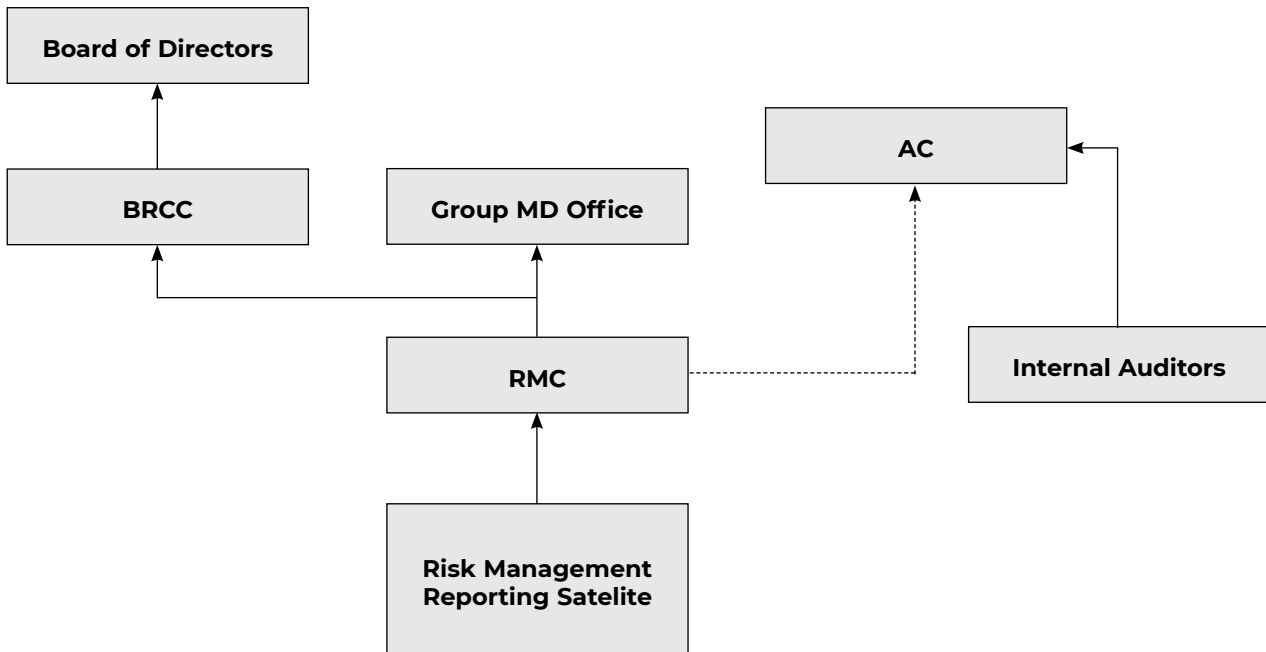
The Group's risk management continues to be driven by the Group Chief Financial Officer cum General Manager ("**Group CFO**") and assisted by Key Senior Management. They are responsible for identifying, evaluating, monitoring and managing significant risks appropriately and timely and assuring the Board that the Group's risk management and internal control systems are adequate and effective.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

RISK MANAGEMENT (cont'd)

Risk Management Structure



The RMC is responsible to perform the following functions:-

- i) Assisting the Board in defining company's risk profile and setting risk tolerance limits (long term objective);
- ii) Reviewing performance of the company and recommending revised risk management policies to the Board for approval in light of new developments;
- iii) Monitoring current functional risk indicators and following up on outstanding matters;
- iv) Ensuring that Management is effectively involved; and
- v) Reporting to the BRCC or AC as mandated.

The management of risk is a collective responsibility and is therefore integrated into the Group's governance, business processes and operations. It is a reiterative process, consisting of steps which enable continuous improvement in decision-making.

The Group has established a comprehensive ERM Framework that encompasses processes for identifying, evaluating and managing significant risks, including corruption risk, faced by the Group. Risk assessment and evaluation are integral to the Group's strategic planning and day-to-day operations.

The ERM Framework, risks and control measures established by the Company are documented and compiled by the RMC to represent the risk profile of the operating companies which in turn are consolidated to form the risk profile of the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM – THE KEY FEATURES

In addition to the risk management processes, the Group continues to maintain the internal control systems and “check and balance” mechanisms. The Group’s internal control system covers the following salient elements:-

- i) Delegation and separation of responsibilities between the Board and Management, the establishment of various Board Committees, and the presence of Independent Directors to oversee the financial, compliance, and operational performance of the Management.
- ii) Expected integrity and ethical behaviours from the Directors are incorporated in the Code of Ethics for Company Directors. Ethical practices throughout the Group are further enhanced with the formalisation of Anti-Corruption Policies and Procedures as well as Whistleblowing Policy to prevent and better manage bribery risks and conflict of interest.
- iii) Establishment of Delegation Authority Limits for clear delegation of authority limit that governs decision making powers to act on behalf of the Group and limits to those power; Formalisation of Standard Operating Procedures (“**SOP**”) on key functions and / or processes to ensure the uniformity, continuity and consistency of business process and practices within the Group.
- iv) Arranging regular interactive meetings with the External Auditors, Internal Auditors and/or other consultants to identify and rectify any weaknesses in the system of internal control. The Board would also be informed on the matters brought up at the AC meetings on a timely basis.
- v) The Internal Auditors report its findings to the AC. The AC examines the Group’s system of internal control through reviews of reports from the Internal Auditors. During the year, the internal audit function was outsourced to an independent internal audit professional firm who undertook internal audit reviews on selected risk areas of the Group based on the internal audit plan and its findings were presented to the AC and the Board.
- vi) Employee Handbook, Code of Ethics and Conduct, Anti-Corruption Policies and Procedures, and Whistleblowing Policy are communicated to all employees of the Group upon commencement of employment.
- vii) Periodic management review meetings to discuss key operational and management issues.

INTERNAL AUDIT FUNCTION

The Group outsources the internal audit function to an independent internal audit professional firm, Resolve IR Sdn. Bhd. (“**Resolve**” or “**Internal Auditors**”).

Resolve adopts a risk-based approach when executing the internal audit plan, focusing on the Group’s business units and functions. To ensure independence from Management, the Internal Auditors report directly to the AC.

The internal audit reports will be reviewed by the AC and then forwarded to the operational management for attention and necessary corrective actions. The operational management is responsible for ensuring the corrective actions on reported weaknesses are taken within the required timeframe.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION (cont'd)

For the FY2023, as per the internal audit plan for FY2023, a review of internal controls on the following key business processes and related controls was carried out by Resolve:-

- i) Review of Recurrent Related Party Transactions (“RRPTs”):-
 - (a) Assessing the effectiveness and adequacy of existing review procedures.
 - (b) Determining if review procedures in respect of RRPTs are adhered to.
 - (c) Verifying the relevant approvals obtained.
 - (d) Reviewing RRPTs entered into by the Group since the last Annual General Meeting to assess if transactions were undertaken on arm’s length basis and on terms which were not prejudicial to the shareholders of the Company, nor disadvantageous to the Company and its subsidiaries, and are not to the detriment of minority shareholders.
 - (e) Comparing the value of RRPTs transacted with the estimated value of RRPTs stated in the Shareholders’ mandate approved on 23 June 2022 to ensure that these transactions have not exceeded the estimated value approved.

- ii) Review on Straits Marine Services Pte Ltd and Straits Maritime Services Pte Ltd - assessing the adequacy and effectiveness of the internal controls over the following business processes/areas:-
 - (a) Financial Management
 - Accounts closing and corporate reporting
 - Budget preparation process and budgetary control mechanism
 - Receipts and payments (including payment processing controls)
 - Cash flow forecasting
 - Cash management
 - Treasury management

 - (b) Operations Management
 - Vessel maintenance planning and scheduling
 - Vessel maintenance execution and inspection
 - Vessel maintenance records and reporting
 - Shipping agency management

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

MATERIAL JOINT VENTURES AND ASSOCIATES

This Statement does not cover the risk management and internal control framework and processes of the Group’s material joint ventures and associates as these areas fall within the control of their shareholders and management.

ADEQUACY AND EFFECTIVENESS OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance in writing from the Group MD and Group CFO that the Group’s risk management and internal control system was operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

cont'd

THE BOARD'S CONCLUSION

The Board is pleased to report that for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, the Board considers the system of risk management and internal controls described in this Statement to be satisfactory and has not resulted in any material loss, contingency or uncertainty and risks are reasonably managed within the context of the Group's business environment.

The Board is not aware and has not been made aware of any material weaknesses or lapses in the internal control system of the Group occurring within the financial year under review and up to the date of approval of this Statement that would have material adverse effect on the results of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Messrs. Moore Stephens Associates PLT has reviewed SORMIC as required under Paragraph 15.23 of ACE LR of Bursa Securities.

The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("**AAPG 3**") Guidance for Auditors on Engagements to Report on the SORMIC Included in the Annual Report. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this SORMIC is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This SORMIC was approved by the Board on 22 April 2024.

SUSTAINABILITY STATEMENT

Straits Energy Resources Berhad (“**Straits**” or “**the Company**”) and its subsidiaries (“**Straits Group**” or “**the Group**”) recognises the importance of sustainability related matters and its increasing impact to our business.

The Group is committed to understanding and implementing sustainable practices to achieve the right balance between meeting the objectives and expectations of our shareholders, attaining economic success, fulfilling our ethical obligations to other stakeholders and the wider communities in which the Group has a presence.

The scope of this statement covers the Group’s business operations for the financial year ended 31 December 2023 (“**FY2023**”).

The purpose of the Group’s Sustainability Statement (“**Statement**”) is to transparently communicate to our stakeholders, our management of economic, environmental, social and governance matters which are considered material to us and our stakeholders from a business sustainability perspective.

We are committed to addressing these effects and understanding evolving stakeholders’ expectations, to achieve the right balance between delivering value to our shareholders, attaining economic success, protecting the environment and fulfilling our ethical obligations towards the communities where the Group is present.

This Statement highlights our efforts to achieve positive outcomes in these areas for the FY2023. Our material sustainability matters are specifically those areas over which we have a degree of influence, which are important to our stakeholders and can significantly affect our Group’s risk profile, potential liabilities, maintenance of our licenses to operate, reputation and access to capital.

This Statement should be read together with other reports included in this Annual Report 2023 which cover aspects of sustainability, namely Management Discussion and Analysis, Corporate Governance (“**CG**”) Overview Statement, CG Report and the Statement on Risk Management and Internal Control (“**SORMIC**”).

REPORTING STANDARDS – REPORTING SCOPE AND BOUNDARIES

Throughout this Statement, we demonstrate our full commitment to integrate sustainability practices and prepare this Statement pursuant to the Bursa Malaysia Securities Berhad (“**Bursa Securities**”)’s ACE Market Listing Requirements (“**ACE LR**”) and Sustainability Reporting Guide – 2nd Edition.

Our scope and boundaries cover all our entities and operations in Malaysia.

We are committed to enhance and refine our sustainability strategies and initiatives to strive towards a more comprehensive disclosure going forward.

Reporting Period

1 January 2023 to 31 December 2023

Reporting Cycle

Annually

Principal Guidelines

- ACE LR of Bursa Securities
- Sustainability Reporting Guide – 2nd Edition

The Group’s core business activities are associated to the oil & gas industry, maritime industry, port operation and management industry, logistics industry and telecommunication & networking industry.

SUSTAINABILITY STATEMENT

cont'd

GOVERNANCE STRUCTURE

To ensure accountability and integrity, we have established a dedicated governance structure with clear reporting lines that drives our sustainability strategies, action plans, and initiatives. This structure ensures that our sustainability principles and priorities are fully integrated across the organisation, embedded in decision-making and execution of our sustainability-related matters. With this structure, we delineate roles and responsibilities clearly, enabling effective oversight, decision-making and efficient execution.

Our Sustainability Management Committee ("**SMC**"), which meets regularly, comprises Key Management Personnel from all key business units and departments reporting directly to the Group Managing Director ("**Group MD**").

This inclusive and robust structure ensures that there is regular guidance on the direction, management and reporting of important business sustainability matters.

ENVIRONMENTAL SUSTAINABILITY

1) Environment Towards Decarbonisation

According to the Intergovernmental Panel on Climate Change ("**IPCC**")'s Sixth Assessment Report (AR6), the global community must urgently reduce total greenhouse gas ("**GHG**") emissions by 43% by 2030 to mitigate the worst effects of climate change and secure a better future for all.

As environmental frameworks for shipping industry are being tightened to align with the Paris Agreement and the objective of limiting temperature rises to 1.5 degrees Celsius, there is no getting around the fact that everyone needs to lean in to achieve net zero erosion by 2050.

However, there is not yet any clear pathway to reaching this objective and even the most optimistic forecasts and scenarios envision that shipping emissions will increase in the short-term and peak around year 2031.

So, it was undoubtedly considered an important step in the right direction when the International Maritime Organization ("**IMO**") announced its new strategy and the new IMO-goal of net zero GHG emissions by or around 2050. Straits Group is well prepared to follow this path.

IMO's new targets are a long-awaited milestone for the decarbonization of the entire maritime industry, and we fully support this ambition. We will of course adhere to IMO's targets and help lead the industry in the transition to low- and zero-carbon solutions – that is our commitment.

In this regard, we will endeavor to align our actions to contribute towards the climate goals of the jurisdictions in which we operate. The Group aspires to be a Net Zero Emissions Producer by 2050 as part of our objectives.

2) Emerging Green Alternatives

The urgent need to mitigate the environmental impact of bunker fuels has spurred innovations in sustainable alternatives.

Liquefied Natural Gas ("**LNG**")

LNG is gaining traction as a cleaner alternative to traditional bunker fuel. It produces up to 80% less nitrogen dioxide (NO₂) and virtually no sulfur dioxide (SO₂). Companies are retrofitting their vessels or investing in new LNG-powered ships in order to comply. However, retrofitting is costly and for that reason, biofuels may be more appealing for some operators.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENTAL SUSTAINABILITY (cont'd)

2) Emerging Green Alternatives (cont'd)

Liquefied Natural Gas ("LNG") (cont'd)

Transitioning the global merchant fleet to sustainable fuels is the biggest challenge in the history of shipping, and concrete results will not be immediately visible.

LNG is expected to return as a cost competitive lower carbon fuel for shipping, as LNG new builds continue to be delivered. There are more than 40,000 ships in the world. Some of these fuels – known as drop-in fuels – are compatible with existing engines without requiring any modifications, making them a cost-effective alternative and are a viable low-carbon solution.

Most biofuels on the market are a blend between 30% biofuel and either High Sulfur Fuel Oil ("**HSFO**"), Very Low Sulphur Fuel Oil ("**VLSFO**"), or marine gas oil ("**MGO**"). Blends with a higher percentage of biofuel (up to 100%) are rarely used at-present, but they are proven to work in existing engines.

That demand will be boosted further by the inclusion of shipping in the EU Emissions Trading System ("**EU ETS**").

Our indirect 70%-owned subsidiary, Tumpuan Megah Development Sdn Bhd ("**TMD**") has been awarded certification from the International Sustainability and Carbon Certification ("**ISCC EU**") scheme, paving the way for TMD's entry into the marine biofuel trading and bunkering business in the second quarter of 2024.

Achieving ISCC EU certification demonstrates our commitment and capability to drive the adoption of sustainable biofuels, and will help our customers prove their compliance with environmental regulations.

3) Clean Emission from our Vessels

Global warming and climate change are the direct result of GHG emissions and, as such, it is imperative for all industries to combat these issues through technological innovation and operational efficiencies.

Hence, emission from vessels and machineries is the key environmental issue in our industry. Straits ensures that the quality of air is not compromised and continues to explore strategies to improve this aspect. As a whole, all the vessels and related equipment have undergone scheduled maintenance, testing and repair works on a periodic basis as per the International Convention for the Prevention of Pollution from Ships ("**MARPOL**") convention.

MARPOL is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments throughout the years.

Being in the industry, we ensure all our vessels are compliant with the statutory requirements related to Marine Pollutions Regulation (MARPOL 73/78). We have also strictly complied with the following:

- Regulations for the prevention of pollution by oil;
- Regulations for the prevention of pollution by sewage from ship;
- Regulations for the prevention of pollution by garbage from vessel; and
- Regulations for the prevention of air pollution from ship.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENTAL SUSTAINABILITY (cont'd)

4) Carbon Credits

Benua Hijau Sdn Bhd ("**Benua Hijau**") is a 51%-owned subsidiary of Straits and it is involved in carrying out Environmental, Social & Governance ("**ESG**") activities of the Group and all other activities related to decarbonisation of the environment.

Benua Hijau had on 10 December 2023 entered into a Memorandum of Understanding ("**MOU**") with Management Council of Terengganu State Parks ("**MPTN**") and Setiu Land Office ("**PTS**") for the reforestation of degraded Gelam forest of which Benua Hijau will act as project operator to prepare and plant trees whereas MPTN and PTS will collectively provide the planting area of approximately 200 acres at Tasik Berombak, Mukim Genting, Daerah Setiu.

We view this project as a critical step towards not only restoring the natural beauty of the Setiu Wetlands, but also contributing to the global fight against climate change.

The reforestation of Tasik Berombak will unlock valuable economic opportunities, through the production of sustainable forest resources, ecotourism, and a local cottage industry. This, in turn, will create job opportunities for locals from the surrounding community.

As part of this reforestation project, Benua Hijau plans to plant 100,000 Pokok Gelam (melaleuca) trees across a land area of 200 acres, the equivalent of 113 soccer fields. The reforestation activities, which will take place over five years, will be focused on a designated area surrounding Tasik Berombak within Setiu Wetlands. Tasik Berombak is one of the largest freshwater lakes and Gelam ecosystems in Malaysia's East Coast region.

Benua Hijau will coordinate activities across this designated area, including the physical planting of the trees and community engagement activities. Benua Hijau will also invest in the setting up of a dedicated nursery and research center to prepare Gelam saplings and study the Gelam ecosystem and value chain.

While still at a preliminary stage of planning, the reforestation project is expected to address four of the United Nations Sustainable Development Goals ("**SDGs**") – namely, protecting and restoring life on land (SDG 15), taking action to combat climate change and its impact (SDG 13), promoting good health (SDG 3) by removing pollutants from the air, and creating economic growth opportunities (SDG 8) through potential business activities such as the sustainable production of honey, essential oil and wood.

Trees absorb carbon dioxide (CO₂), removing and storing the carbon while releasing the oxygen back into the air. This means that forests absorb carbon – like a giant sponge – into what scientists call a carbon sink. According to the U.S. Forest Service, global forests removed about one-third of fossil fuel emissions annually from 1990 to 2007.

Our goal is to reduce our carbon footprint and invest in cleaner, more sustainable business practices.

5) Avoiding Oil Spills

Oil spills are major concerns for us. We are aware that they can have devastating consequences, which is why we are constantly taking proactive measures to prevent oil spills in our operations.

In the reporting period, we have zero oil spills for operated tanks, terminals, trucks, and chartered vessels. Our ambition is to continue this course by adhering to existing controls and processes and ensuring a continuous focus on identifying and remediating gaps.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENTAL SUSTAINABILITY (cont'd)

6) Waste Management

We concede that the environment can be negatively impacted due to the lack of waste management in business operation. The Group's approach to waste management is to avoid unnecessary consumption and wastage of any natural resources, where possible and appropriate, in order to conserve natural resources. We have always looked at ways to reduce waste, so that less waste is generated which may be harmful to our planet.

Generally, the Group practices the following on waste management:-

i) Scheduled Waste Management and Discharge to Shore Management

Our vessels' crew are to ensure that all scheduled wastes such as any discarded solid, liquid, gas or material that are no longer in use or unwanted material are stored and packed properly before being sent to shore for disposal in accordance with the MARPOL regulation.

ii) Garbage Management Plan

The procedures for collecting, storing, processing, and disposing of garbage generated on board ships adhere to the regulations provided in Annex V of MARPOL.

iii) Paper Usage Management

By emphasising on paperless and electronic mode for documentation and recycling of used papers in the recycling bins provided.

SOCIAL SUSTAINABILITY

1) Our Health, Safety and Security ("HSS")

In Straits, ensuring the safety and security of our people is not just a legal requirement. It is a moral and ethical obligation deeply rooted in our Group values of constant care for our employees and incorporated in our corporate Health, Safety, Security & Environment ("**HSSE**") Policy.

Safety is of primary concern and therefore, HSSE considerations are embedded into every task that we undertake and each business decision that we make. In addition, our governance structure provides our Board and Management oversight of our core risk management.

The Group 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 having met the requirements and undergo surveillance audits by regulatory agencies and certification body i.e. SOCOTEC Certification International.

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's HSS Policy outlines our commitment to identify workplace hazards and prevent serious injuries through continuous improvements. The policy is reviewed annually and is communicated to workers through safety induction and meetings.

SUSTAINABILITY STATEMENT

cont'd

SOCIAL SUSTAINABILITY (cont'd)

1) Our Health, Safety and Security ("HSS") (cont'd)

The Group acknowledges the various safety risks its employees face at the workplace, nurturing a safety culture by conducting proper training to equip employees for a safe experience at work. Our safety programs include fire drills, first aid training as well as regular toolbox meetings at our sites to ensure that our employees are aware of and comply with all company and regulatory training requirements.

Ultimately, our focus is to create a safe and healthy environment that aims to keep our people safe and secure while they perform their work tasks.

2) Our People – Diversity, Equality and Inclusivity

Being a leading supplier of bunker fuel to the shipping industry in Malaysia comes with a profound responsibility.

At Straits, we believe that diversity can help strengthen our organisation by enabling us to better respond to challenges and win top talent. Moreover, we are confident that by embracing diversity, promote equality and inclusion, we can contribute to building a stronger and more innovative industry, which can continue to thrive in an ever-changing world.

The Group recognises the importance of workforce sustainability which include attracting, developing and retaining a diverse team to meet current and future business requirements. The Group strives to maintain high standards of recruitment and retention of competent employees by offering attractive remuneration package coupled with a comprehensive range of benefits and investing in training programs as part of talent development.

Straits embraces diversity at the workplace and believes that employees can contribute positively to the growth of the Company regardless of ethnicity, age or gender.

3) Customer Satisfaction

Customer satisfaction remains a high priority as the Group strives to meet customer needs and demands. Knowing exactly our customers' expectation will assist us in improving our bottom line and strengthening our reputation for the long term. We conduct regular customer satisfaction surveys and these feedbacks provide insights in customer expectations that enable us to develop and deliver better products and services.

4) Our Community

Supporting local communities goes beyond business transactions. It reflects our dedication to social responsibility, economic growth, and the well-being of the communities we operate in.

The Group is committed to promote social responsibilities as an integral part of the Group's vision whilst pursuing business growth to enhance values for all stakeholders.

Our presence in the various locations in which we operate places us in the position of being able to directly understand how we can make a positive difference to the communities that support us.

We also recognise the importance of building positive relationships with our community and providing them with enduring socio-economic benefits, where possible.

By implementing such 'inclusive initiatives', we build trust with local communities and strong partnerships with host regulators and our stakeholders in general.

A strong commitment to social responsibility programs can protect and enhance a company's brand. As words gets out about a company's good initiatives, it helps create positive working environment and attract desirable employees with a strong commitment to corporate social responsibility programs.

SUSTAINABILITY STATEMENT

cont'd

GOVERNANCE SUSTAINABILITY

Straits Group is committed to the highest corporate governance standards and business integrity. Our governance policies and practices comply with applicable laws and ethical standards in line with long-term performance and financial soundness.

Good corporate governance starts at the top of an organisation. In oil bunkering, our goal is to maintain and operate uniform, clear, and transparent processes and procedures as well as maintaining high corporate governance and accountability for our activities. We want to further ensure that our activities and level of governance are aligned across the entire organisation which will enable us to manage our enterprise risks across our operations.

Our Board of Directors is dedicated to upholding the highest standards of governance. Directors exercise diligent oversight to ensure our Group's strategic decisions align with our ESG ambitions and targets. Regular Board evaluations and the presence of independent diverse Directors ensure accountability and balanced decision making.

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 and Procedures, Whistleblowing Policy and Code of Ethics etc.

To learn more about our current Corporate Governance practices, kindly refer to our Corporate Governance Overview Statement in this Annual Report.

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

SUSTAINABILITY STATEMENT

cont'd

STAKEHOLDERS' ENGAGEMENT (cont'd)

Stakeholders	Key Focus Area	Methods of Engagement
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
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

GOING FORWARD

Going forward, we will continue to give equal weight and priority to ESG. In the past years, we have launched several groundbreaking initiatives to address all three areas, and we remain passionate and eager as we continue to pursue our journey to sustainability.

This Statement has been approved by the Board on 22 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

PRIVATE PLACEMENT

Straits Energy Resources Berhad ("**Straits**" or "**the Company**") has on 20 October 2023 proposed to undertake a private placement of up to 10% of the total number of issued shares of Straits ("**Straits Share(s)**" or "**Share(s)**") to third party investor(s) ("**Private Placement**"). It comprised up to 94,214,279 new Straits Shares ("**Placement Shares**"), calculated based on 10% of the total number of issued Straits Shares as at 16 October 2023.

The objective of the Private Placement is for the purpose of financing existing and potential projects and investments that align with the growth plans of Straits and its subsidiaries ("**the Group**") for the Telecommunication and Networking Services segment and working capital for the Group.

On 6 November 2023, the Company has submitted an application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") in respect of the listing and quotation of up to 94,214,279 Placement Shares on the ACE Market of Bursa Securities which was subsequently approved on 20 November 2023.

The issue price for the Private Placement has been fixed on 22 November 2023 at RM0.11 per Placement Share which represented a discount of approximately 7.49% to the 5-day volume weighted average market price ("**VWAP**") of Straits Shares up to and including 21 November 2023.

On 1 December 2023, the first tranche of the Private Placement comprising 52,319,478 Placement Shares has been completed following the listing and quotation of 52,319,478 Placement Shares on the ACE Market of Bursa Securities. This first tranche raised proceeds of RM5,755,142 for the Company.

As at 22 April 2024, the status of utilisation of proceeds raised from the Private Placement are as follows:-

Details of Utilisation	Proposed Utilisation RM'000	First Tranche RM'000	Actual First Tranche Utilisation RM'000	Balance from First Tranche RM'000	Timeframe For First Tranche Utilisation
Expansion and growth of Telecommunication and Networking Services segment	8,000	4,478	4,478	-	Fully Utilised
Working capital for the Group which includes staff costs, office rental, utilities, supplies and maintenance	2,135	1,120	1,120	-	Fully Utilised
Estimated expenses in relation to the Private Placement which includes professional fees, regulatory fees etc	276	157	157	-	Fully Utilised
TOTAL	10,411	5,755	5,755	-	

ADDITIONAL COMPLIANCE INFORMATION

cont'd

2. AUDIT FEES AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2023 ("FY2023") are as follows:-

Services	Company RM	Group RM
Audit Fees	77,000	729,556
Non-Audit Fees	33,000	138,000

3. CONTRACT RELATING TO LOANS

There was no contract relating to loans by the Company and its subsidiaries involving the interest of the Directors, chief executive and major shareholders during the FY2023.

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

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiaries involving Directors, chief executives and major shareholders' interests either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:-

- (i) 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 ("**Sinar Maju**") 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, Sinar Maju 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 Sinar Maju, 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, Sinar Maju will become a wholly-owned subsidiary of Straits.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. MATERIAL CONTRACTS INVOLVING INTEREST OF THE DIRECTORS, MAJOR SHAREHOLDERS OR CHIEF EXECUTIVE WHO IS NOT A DIRECTOR (cont'd)

- (ii) Straits Marine Fuels & Energy Sdn Bhd ("**SMF**"), a wholly-owned subsidiary of TMD Energy Limited ("**TMDEL**") and TMDEL, a wholly-owned subsidiary of Straits had, on 7 February 2024 entered into the conditional Shares Sale and Purchase Agreement ("**SSA**") with Platinum Gate Capital Pte Ltd ("**Platinum Gate**") for the proposed acquisition by SMF of 49,000 ordinary shares in Straits Marine Services Pte Ltd ("**SMS**") ("**SMS Shares**"), representing the remaining 49% equity interest in SMS from Platinum Gate for a purchase consideration of RM3,324,902 to be satisfied entirely via cash or by the issuance of new TMDEL shares or a combination of both ("**Proposed Acquisition of SMS**").

The Proposed Acquisition of SMS is deemed as Related Party Transaction under Rule 10.08 of the ACE Market Listing Requirements of Bursa Securities in view that the Proposed Acquisition of SMS involves the interests of Captain Tony Tan Han (Chen Han) who is a director of Straits as well as a director and major shareholder of SMS, via his shareholdings in Platinum Gate.

Hence, the said Proposed Acquisition of SMS is subject to shareholder's approval.

For shareholders' information, the said Proposed Acquisition of SMS is part of the internal restructuring exercise by Straits.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE

The Company has obtained mandates (new and renewal) from its shareholders in respect of recurrent related party transactions of a revenue and/or trading nature ("**RRPTs**") at its 26th Annual General Meeting held on 15 June 2023 ("**Shareholders' Mandates**").

In accordance with Guidance Note 8 of ACE Market Listing Requirements of Bursa Securities, the details of the RRPTs conducted during the FY2023 pursuant to Shareholders' Mandates are disclosed as follows:-

Service provider	Service recipient	Nature of transactions	Actual value transacted during the FY2023 (RM)
Sinar Maju	Tumpuan Megah Development (" TMD ")	Provision of shipping agency services	2,393,035
SMS	TMD	Provision of ship & marine management services	6,246,351
SMS	TMD Straits Ltd	Provision of ship & marine management services	-
SMS	TMD Sturgeon Ltd	Provision of ship & marine management services	-
SMS	TMD Subsidiaries	Provision of ship & marine management services	-
SMS	SMF Subsidiaries	Provision of ship & marine management services	73,842
SMS	Victoria STS (Labuan) Sdn Bhd (" Victoria ") Subsidiaries	Provision of ship & marine management services	-

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE (cont'd)

Service provider	Service recipient	Nature of transactions	Actual value transacted during the FY2023 (RM)
SMS	Victoria	Provision of ship & marine management services and shipping services	1,083,904
SMS	Victoria 3 Limited	Provision of ship & marine management services	201,300
SMS	TMD	Provision of shipping services	-
Black Hummer Security Sdn Bhd	TMD	Provision of security services	6,601
Sinar Maju Marin Sdn Bhd	TMD	Provision of launch boat services	326,262
Megah Port Management Sdn Bhd ("MPM")	Sailion Shipping Sdn Bhd ("Sailion Shipping")	Provision of operation and facility management services of port	2,272,438
MPM	Lion Transport Sdn Bhd ("Lion Transport")	Provision of operation and facility management services of port	642,549
MPM	Victoria	Provision of operation and facility management services of port	252,406
Victoria	Sailion Shipping	Provision of tugboat services	2,041,325
Lion Transport	MPM	Provision of services on rental of forklift, trailer and other equipment and sales of container	1,643,073

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, Victoria 2 Limited and Victoria 3 Limited

6. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company did not issue any ESOS during the FY2023.

7. LIST OF PROPERTIES

The list of properties of the Company and its subsidiaries are disclosed on page 190 of the Annual Report 2023.



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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 2023.

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 8 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 for the year, net of tax	<u>4,020,086</u>	<u>(2,457,129)</u>
Attributable to:		
Owners of the Company	7,071,415	(2,457,129)
Non-controlling interests	<u>(3,051,329)</u>	<u>-</u>
	<u>4,020,086</u>	<u>(2,457,129)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The Directors do not recommend any 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.

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:

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)
30 November 2023	Private Placement	<u>146,739,666</u>	<u>52,319,478</u>	0.11	<u>152,494,808</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.

DIRECTORS' REPORT

cont'd

ISSUANCE OF SHARES AND DEBENTURES (cont'd)

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS OF THE COMPANY

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

YAM 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*
 Dato' Yoong Leong Yan*
 Datin Ng Fong Shiang
 Harison Binti Yusoff
 Ho Hung Ming* (alternate director to Tan Sri Mohd Bakri Bin Mohd Zinin)
 Leong Fook Heng
 Leong Kok Chaw
 Tony Tan Han (Chen Han)*

Appointed on 18 January 2023

* *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
 Dato' Seri Tiong Chiong Kui
 Dato' Mohd Suhaimi Bin Hashim
 Beh Swee Tat
 Chai Yiing Jen
 Idjal Bin Tahir
 Ho Soon Choy
 Ho Khin Choy
 Ho Sze Wai
 Hoh Chee Mun
 Selvaraja A/L Arjunan

Appointed on 1 January 2023

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 31.12.2023 Unit
	As at 1.1.2023 Unit	Bought Unit	Sold Unit	
Ordinary Shares of the Company				
<u>Direct interest</u>				
Dato' Sri Ho Kam Choy	93,591,000	-	-	93,591,000
Tony Tan Han (Chen Han)	36,790,438	-	-	36,790,438
<u>Indirect interest</u>				
Dato' Sri Ho Kam Choy ^	64,216,700	-	-	64,216,700
Harison Binti Yusoff ^^	12,400	-	-	12,400
Related Companies				
Sinar Maju Logistik Sdn Bhd				
<u>Direct interest</u>				
Tan Sri Mohd Bakri Bin Mohd Zinin	30,000	-	-	30,000
Straits Marine Services Pte Ltd				
<u>Indirect interest</u>				
Tony Tan Han (Chen Han)^^^	49,000	-	-	49,000

^ 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.

^^^ deemed interest by virtue of his interest in Platinum Gate Capital Pte Ltd.

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.

Other than disclosed above, 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' 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:

DIRECTORS' REPORT

cont'd

DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

	Company RM	Subsidiaries RM
Directors' fee	294,000	576,000
Salaries and allowances	92,000	1,986,536
Bonus	-	118,500
Contributions to defined contribution plan	-	204,874
Social security contributions	-	4,219
Other benefits	-	14,220
	<u>386,000</u>	<u>2,904,349</u>

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 25 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.
- (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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION (cont'd)

- (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 4 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 RM30,400 and coverage amount of RM10,000,000 for a period effective 16 December 2023 to 15 December 2024.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENTS

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

DIRECTORS'
REPORT
cont'd

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 22 April 2024.

DATO' YOONG LEONG YAN

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 96 to 189, 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 2023 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 22 April 2024.

DATO' YOONG LEONG YAN

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 96 to 189 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 22 April 2024

HOH CHEE MUN

Before me

Commissioner for Oaths

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 2023 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 96 to 189.

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 2023, 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 RM47.4 million as disclosed in Note 10 to the financial statements represented approximately 8% of the Group's total assets as at 31 December 2023. The Group is required to perform an annual impairment test or more frequently when indication of impairment exists on goodwill. The Group applies the fair value less cost of disposal ("FVLCOD") method to estimate the recoverable amount of the goodwill.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

Key Audit Matters (cont'd)

Impairment review of goodwill, PPE and investments in subsidiaries (cont'd)

PPE

As at 31 December 2023, as shown in Note 7 to the financial statements, the carrying amount of the Group's property, plant and equipment amounted to RM180.8 million representing approximately 30% 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 higher of value-in-use ("VIU") and FVLCOB calculations using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period. Based on the impairment assessment carried out, the Group recognised impairment loss on property, plant and equipment amounted to RM5,406,921 for the financial year ended 31 December 2023.

Investments in subsidiaries

As at 31 December 2023, as disclosed in Note 8 to the financial statements, the carrying amount of the Company's investments in subsidiaries amounted to RM110.1 million which represented approximately 63% 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 amounts of investment in subsidiaries were determined based on the FVLCOB method using discounted cash flows projections derived from the most recent financial projections approved by the Director covering a five (5) years 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 FVLCOB and 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 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 cash flows projections:

- 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 FVLCOB and VIU calculations and assessed the impact of the recoverable amounts of the goodwill, PPE and cost of investments in subsidiaries.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

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.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad
cont'd

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

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 8 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
02963/07/2025J
Chartered Accountant

Petaling Jaya, Selangor
Date: 22 April 2024

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	3	2,917,299,032	3,110,751,482	-	1,155,000
Cost of sales		(2,855,678,489)	(3,048,103,027)	-	-
Gross profit		61,620,543	62,648,455	-	1,155,000
Other income		26,803,010	3,960,089	7,590,474	184,433
Administrative expenses		(35,524,748)	(29,311,670)	(2,008,268)	(3,187,579)
Other expenses		(35,100,728)	(24,576,690)	(7,811,097)	(3,243,268)
Profit/(loss) from operations		17,798,077	12,720,184	(2,228,891)	(5,091,414)
Finance costs		(11,121,324)	(9,353,755)	(228,238)	(5,271)
Share of results of an associate, before tax		2,113,294	6,649,971	-	-
Profit/(loss) before tax	4	8,790,047	10,016,400	(2,457,129)	(5,096,685)
Income tax expense	5	(4,769,961)	(3,068,115)	-	-
Profit/(loss) for the year		4,020,086	6,948,285	(2,457,129)	(5,096,685)
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		4,561,598	4,515,923	-	-
Total comprehensive income for the year		8,581,684	11,464,208	(2,457,129)	(5,096,685)
Profit/(loss) for the year attributable to:					
Owners of the Company		7,071,415	6,158,229	(2,457,129)	(5,096,685)
Non-controlling interests		(3,051,329)	790,056	-	-
		4,020,086	6,948,285	(2,457,129)	(5,096,685)
Total comprehensive income for the year attributable to:					
Owners of the Company		10,486,256	9,369,046	(2,457,129)	(5,096,685)
Non-controlling interests		(1,904,572)	2,095,162	-	-
		8,581,684	11,464,208	(2,457,129)	(5,096,685)
Earnings per share attributable to Owners of the Company:					
Basic (sen)	6	0.75	0.69		

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 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	180,798,322	181,804,945	-	-
Investments in subsidiaries	8	-	-	110,144,517	112,401,164
Investments in associates	9	50,783,250	31,647,231	15,013,149	15,013,149
Goodwill	10	47,406,759	46,344,056	-	-
Other receivables	13	2,250,859	3,128,723	-	-
Amounts due from subsidiaries	14	-	-	1,288,380	1,212,707
		<u>281,239,190</u>	<u>262,924,955</u>	<u>126,446,046</u>	<u>128,627,020</u>
Current assets					
Inventories	11	73,009,147	45,657,565	-	-
Trade receivables	12	110,228,278	38,198,640	-	-
Other receivables	13	112,353,212	74,681,753	337,611	370,543
Amounts due from subsidiaries	14	-	-	48,826,617	32,081,280
Contract assets	15	2,366,257	-	-	-
Tax recoverable		355,443	232,134	-	-
Fixed deposits with licensed banks	16	1,139,041	4,511,326	11,326	4,011,326
Cash and bank balances		<u>27,353,308</u>	<u>56,316,729</u>	<u>5,191</u>	<u>1,150,757</u>
		<u>326,804,686</u>	<u>219,598,147</u>	<u>49,180,745</u>	<u>37,613,906</u>
Total Assets		<u>608,043,876</u>	<u>482,523,102</u>	<u>175,626,791</u>	<u>166,240,926</u>

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

cont'd

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	17	152,494,808	146,739,666	152,494,808	146,739,666
Retained earnings/ (accumulated losses)		16,709,995	8,887,424	(15,313,892)	(12,856,763)
Reserves	18	8,398,792	4,043,633	-	-
Total equity attributable to Owners of the Company		177,603,595	159,670,723	137,180,916	133,882,903
Non-controlling interests		14,229,587	17,338,420	-	-
Total Equity		191,833,182	177,009,143	137,180,916	133,882,903
Non-current liabilities					
Deferred tax liabilities	19	148,961	599,257	-	-
Lease liabilities	20	4,117,099	6,326,053	-	-
Borrowings	21	8,888,473	8,395,123	-	-
Other payables	23	-	10,446,818	-	-
		13,154,533	25,767,251	-	-
Current liabilities					
Lease liabilities	20	3,341,077	3,485,592	-	37,725
Trade payables	22	176,279,237	93,350,953	-	-
Other payables	23	108,374,492	67,213,458	6,515,635	6,396,202
Contract liabilities	15	-	57,343	-	-
Amounts due to subsidiaries	14	-	-	31,929,705	25,923,561
Borrowings	21	114,427,144	113,580,755	-	-
Tax payable		634,211	2,058,607	535	535
		403,056,161	279,746,708	38,445,875	32,358,023
Total Liabilities		416,210,694	305,513,959	38,445,875	32,358,023
Total Equity and Liabilities		608,043,876	482,523,102	175,626,791	166,240,926

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 2023

Group	← Attributable to Owners of the Company →		Non-Distributable		Foreign Currency Translation Reserve		Distributable Retained Earnings		Non-Controlling Interests ("NCI")		Total Equity RM
	Share Capital RM (Note 17)	RM	RM	RM	RM	RM	RM	RM	RM		
At 1 January 2023	146,739,666	4,043,633	8,887,424	159,670,723	17,338,420					177,009,143	
Transactions with Owners of the Company											
Issuance of ordinary shares	5,755,142	-	-	5,755,142	-					5,755,142	
Acquisition of subsidiaries (Note 8)	-	-	-	-	(112,145)					(112,145)	
Changes in equity shareholdings in subsidiaries (Note 8)	-	940,318	751,156	1,691,474	(1,092,116)					599,358	
Total transactions with Owners of the Company	5,755,142	940,318	751,156	7,446,616	(1,204,261)					6,242,355	
Balance carried forward	152,494,808	4,983,951	9,638,580	167,117,339	16,134,159					183,251,498	

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023
cont'd

	Attributable to Owners of the Company		Non-Controlling Interests ("NCI") RM	Total Equity RM
	Share Capital RM (Note 17)	Foreign Currency Translation Reserve RM (Note 18)		
Group (cont'd)				
Balance brought forward	152,494,808	4,983,951	167,117,339	183,251,498
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	3,414,841	3,414,841	4,561,598
Profit for the financial year	-	-	7,071,415	4,020,086
Total comprehensive income for the financial year	-	3,414,841	10,486,256	8,581,684
At 31 December 2023	152,494,808	8,398,792	177,603,595	191,833,182

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023
cont'd

Group	Attributable to Owners of the Company		Non-Distributable		Foreign Currency Translation Reserve		Warrants Reserve		Distributable Retained Earnings		Non-Controlling Interests ("NCI")		Total Equity RM
	Share Capital RM (Note 17)	Other Reserve RM (Note 18)	Sub-total RM	Warrants Reserve RM (Note 18)	Foreign Currency Translation Reserve RM (Note 18)	Distributable Retained Earnings RM	Total RM	Controlling Interests ("NCI") RM	Total 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				
Exercise of warrants	8,051,483	8,051,483	16,102,966	(8,051,483)	-	-	8,051,483	-	8,051,483				
Warrants expired	-	9,574,279	9,574,279	(9,574,279)	-	-	-	-	-				
Acquisition of subsidiaries (Note 8)	-	-	-	-	-	-	-	(354,538)	(354,538)				
Dividend paid (Note 24)	-	-	-	-	-	(1,764,377)	(1,764,377)	-	(1,764,377)				
Capital contribution from shareholders	-	-	-	-	-	-	-	2,386,775	2,386,775				
Changes in equity shareholdings in subsidiaries (Note 8)	-	-	-	-	179,905	(819,170)	(639,265)	(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				
Balance carried forward	146,739,666	-	146,739,666	-	832,816	2,729,195	150,301,677	15,243,258	165,544,935				

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023
cont'd

	Attributable to Owners of the Company					Total RM		
	Share Capital RM (Note 17)	Other Reserve RM (Note 18)	Sub-total RM	Warrants Reserve RM (Note 18)	Foreign Currency Translation Reserve RM (Note 18)		Distributable Retained Earnings RM	Non- Controlling Interests RM
Balance brought forward	146,739,666	-	146,739,666	-	832,816	2,729,195	15,243,258	165,544,935
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	3,210,817	-	1,305,106	4,515,923
Profit for the financial year	-	-	-	-	-	6,158,229	790,056	6,948,285
Total comprehensive income for the year	-	-	-	-	3,210,817	6,158,229	2,095,162	11,464,208
At 31 December 2022	146,739,666	-	146,739,666	-	4,043,633	8,887,424	17,338,420	177,009,143

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023
cont'd

	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM (Note 17)	Other Reserve RM (Note 18)	Sub-total RM	Warrants Reserve RM (Note 18)	Accumulated Losses RM	
Company						
At 1 January 2022	124,895,843	(17,625,762)	107,270,081	17,625,762	(5,995,701)	118,900,142
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 24)	-	-	-	-	(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/ 1 January 2023	146,739,666	-	146,739,666	-	(12,856,763)	133,882,903
Issuance of ordinary shares, representing total transactions with Owners of the Company	5,755,142	-	5,755,142	-	-	5,755,142
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	-	(2,457,129)	(2,457,129)
At 31 December 2023	152,494,808	-	152,494,808	-	(15,313,892)	137,180,916

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 2023

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Cash Flows from Operating Activities					
Profit/(loss) before tax		8,790,047	10,016,400	(2,457,129)	(5,096,685)
Adjustments for:					
Allowance for expected credit losses on trade receivables		12,093	5,325,200	-	-
Accretion of interest income:					
- Amount due from subsidiary		-	-	(75,673)	(71,228)
- Other receivables		(208,372)	-	-	-
Depreciation of property, plant and equipment		25,834,450	18,973,242	-	118,969
Gain on disposal of:-					
- subsidiary	8	-	-	(6,757,263)	-
- property, plant and equipment		(186,447)	-	-	-
Gain on insurance compensation for property, plant and equipment		-	(3,570)	-	-
Gain on dilution of equity interest in associate	9	(16,517,984)	-	-	-
Fair value adjustment on other receivable		-	643,069	-	-
Interest income		(87,100)	(69,507)	(166,433)	(2,987)
Interest expense		11,121,324	9,353,755	228,238	5,271
Impairment loss on:-					
- property, plant and equipment		5,406,921	-	-	-
- investments in subsidiaries		-	-	4,983,521	-
- amount due from subsidiary		-	-	2,827,576	-
Written-off of:					
- bad debts		9,662	622,898	-	-
- deposits		1,242,886	-	-	-
- goodwill	10	91,457	1,494	-	-
- property, plant and equipment		841,785	233,250	-	-
Reversal of allowance for expected credit losses on trade receivables		(312,990)	-	-	-
Share of results of an associate		(2,113,294)	(6,649,971)	-	-
Unrealised (gain)/loss on foreign exchange		(11,571,591)	623,501	(304,998)	(104,104)
Operating profit/(loss) before working capital changes, balance carried forward		<u>22,352,847</u>	<u>39,069,761</u>	<u>(1,722,161)</u>	<u>(5,150,764)</u>

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
cont'd

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Cash Flows from Operating Activities (cont'd)					
Operating profit/(loss) before working capital changes, balance brought down		22,352,847	39,069,761	(1,722,161)	(5,150,764)
Changes in working capital:					
Inventories		(27,351,582)	(7,756,186)	-	-
Receivables		(31,670,787)	(53,036,833)	32,932	318,908
Payables		41,227,815	46,290,598	49,145	3,134,911
Interest paid		(10,821,782)	(8,705,438)	(560)	(5,271)
Interest received		87,100	69,507	15,186	2,987
Tax paid		(6,510,508)	(4,685,127)	-	-
Tax refund		220,087	114,328	-	-
Net cash (used in)/from operating activities		<u>(12,466,810)</u>	<u>11,360,610</u>	<u>(1,625,458)</u>	<u>(1,699,229)</u>
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	7(a)	(15,726,003)	(30,889,830)	-	(6,100)
Proceeds from disposal of property, plant and equipment		251,621	-	-	-
Increase in capital contribution in subsidiaries		-	-	-	(2,093,183)
Additional investments in subsidiaries	8	-	-	(3,674,611)	(13,909,750)
Acquisition of associate	9	(20,000)	-	-	-
Advances to subsidiaries		-	-	(11,411,759)	(2,780,050)
Net cash outflow from acquisition of subsidiaries	8	(652,452)	(14,242,108)	-	-
Net cash outflow from for increased equity interest in a subsidiary	8	-	(1,790,744)	-	-
Net cash used in investing activities		<u>(16,146,834)</u>	<u>(46,922,682)</u>	<u>(15,086,370)</u>	<u>(18,789,083)</u>

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023

cont'd

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Cash Flows from Financing Activities					
Advances from Directors	(ii)	1,127,318	192,632	18,858	81,142
Advances from subsidiaries	(ii)	-	-	5,829,895	5,252,673
Increased in pledged fixed deposit	16	(10,191)	-	-	-
(Repayment)/drawdown of Tawarruq working capital financing-i, net	(ii)	(600,708)	40,038,239	-	-
Dividend paid	24	-	(1,764,377)	-	(1,764,377)
Net capital contribution from non-controlling interest of a subsidiary		-	2,386,775	-	-
Proceeds from:-					
- issuance of ordinary shares	17	5,755,142	13,792,340	5,755,142	13,792,340
- exercise of warrants	17	-	8,051,483	-	8,051,483
(Repayment)/drawdown of term loans	(ii)	(1,884,778)	4,375,810	-	-
Repayment of mortgage loan	(ii)	(41,319)	(22,216)	-	-
Net repayment of lease liabilities	(ii)(iii)	(3,890,544)	(3,394,004)	(37,725)	(108,081)
Repayment of vendor financing	(ii)	(13,721,108)	(13,670,213)	-	-
Net cash (used in)/from financing activities		(13,266,188)	49,986,469	11,566,170	25,305,180
Net (decrease)/increase in cash and cash equivalents		(41,879,832)	14,424,397	(5,145,658)	4,816,868
Cash and cash equivalents at beginning of the financial year		59,171,867	46,599,323	5,162,083	345,088
Effect of exchange rate changes on cash and cash equivalents held		9,640,066	(1,851,853)	92	127
Cash and cash equivalents at end of the financial year	(i)	26,932,101	59,171,867	16,517	5,162,083

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
cont'd

(i) Cash and cash equivalents comprise the following:

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Cash and bank balances		27,353,308	56,316,729	5,191	1,150,757
Fixed deposit with a licensed bank	16	1,139,041	4,511,326	11,326	4,011,326
		28,492,349	60,828,055	16,517	5,162,083
Less: Bank overdraft	21	(432,533)	(538,664)	-	-
Less: Fixed deposit pledged	16	(1,127,715)	(1,117,524)	-	-
		26,932,101	59,171,867	16,517	5,162,083

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

Group 2023	Amounts Due to Directors RM	Tawarruq Working Capital Financing-i RM	Lease Liabilities RM	Term Loans RM	Mortgage Loan RM	Vendor Financing Liabilities RM
Addition [Note 7(a)]	-	-	1,537,075	3,600,000	-	-
Drawdown	-	772,200,054	-	-	-	-
Advance from/(repayment to)	1,127,318	(772,800,762)	(3,890,544)	(1,884,778)	(41,319)	(13,721,108)
Net changes from financing cash flows	1,127,318	(600,708)	(3,890,544)	(1,884,778)	(41,319)	(13,721,108)
Foreign currency translation	-	-	-	154,561	-	1,029,232
Interest expense payable upon maturity	-	218,114	-	-	-	-
At 31 December	3,464,573	110,997,723	7,458,176	10,736,036	1,149,325	10,902,527

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
cont'd

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

	Amounts Due to Directors RM	Tawarruq Working Capital Financing-i RM	Lease Liabilities RM	Term Loans RM	Mortgage Loan RM	Vendor Financing Liabilities RM
Group (cont'd) 2022						
At 1 January	1,100,123	70,693,761	12,140,306	913,414	-	35,084,312
Addition [Note 7(a)]	-	-	630,642	2,629,631	-	-
Acquisition of subsidiaries (Note 8)	1,044,500	-	434,701	880,438	1,212,860	-
Drawdown	-	40,038,239	-	4,904,000	-	-
Advances 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 2023
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			
2023			
At 1 January	81,142	25,923,561	37,725
Repayment to	(81,142)	(4,720,841)	(37,725)
Advances from	100,000	10,550,736	-
Net changes from financing cash flows	18,858	5,829,895	(37,725)
Interest charged	-	146,249	-
Management fees	-	30,000	-
At 31 December	<u>100,000</u>	<u>31,929,705</u>	<u>-</u>
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	<u>81,142</u>	<u>25,923,561</u>	<u>37,725</u>

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023
cont'd

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

	Group RM	Company RM
2023		
Included in net used in operating activities:		
Interest paid in relation to lease liabilities	445,140	560
Payment relating to short term lease rental and low value asset	1,874,722	-
Included in net cash used in financing activities:		
Payment for the principal portion of lease liabilities	3,890,544	37,725
	<u>6,210,406</u>	<u>38,285</u>
2022		
Included in net 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	2,151,360	1,746
Included in net cash used in financing activities:		
Payment for the principal portion of lease liabilities	3,394,004	108,081
	<u>6,156,165</u>	<u>115,098</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 2023

cont'd

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 8. 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 22 April 2024.

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
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
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

The Group and the Company have not adopted the following new 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 2024

Amendments to MF8RS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 7 and MFRS 107	Suppliers Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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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 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 2023

cont'd

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

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.

Impairment of non-financial assets

The Group reviews the carrying amounts of non-financial assets at each reporting date to assess whether there is any indicator of impairment. When an indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost of disposal ("FVLCOD") and its value in use ("VIU"). When the recoverable amount of an asset is determined based on the estimate of the VIU or FVLCOD of the cash-generating unit ("CGU") to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(e) Basis of accounting assessment

The financial statements of the Group and of the Company have been prepared on a going concern basis. This basis presumes that the business operations of the Group and of the Company will be sustainable in the foreseeable future and consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business.

The Directors' assessment of the basis of accounting are set out in Note 27(iii).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

3. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Recognised point in time:				
Oil bunkering and shipping related services	2,880,676,344	3,079,152,268	-	-
Inland transportation services	5,994,444	5,864,449	-	-
Ship to ship ("STS") operation	4,861,105	4,159,416	-	-
Port operation and facility management services	13,090,402	13,171,003	-	-
Telecommunication and networking	1,430,927	-	-	-
Management fee	-	-	-	1,155,000
Recognised over time:				
Chartering of vessel	5,439,898	7,023,991	-	-
Telecommunication and networking	5,805,912	1,380,355	-	-
	<u>2,917,299,032</u>	<u>3,110,751,482</u>	<u>-</u>	<u>1,155,000</u>

Disaggregation of revenue by segment is disclosed in Note 26.

Material accounting policy information

Revenue recognised point in time

Oil bunkering and shipping related services

(i) Oil trading

Contracts with individual customer is considered as a single performance obligation ("PO") in relation to the sale of Marine Gas Oil and Low Sulphur Fuel Oil (*collectively refer as "Cargo Oil"*) with a single transaction price. Revenue is recognised upon delivery of the Cargo Oil to the customer and when the control over the Cargo Oil have been transferred by way of acknowledgement of cargo manifest.

(ii) Oil bunkering services

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. Payment is generally due within the range of 30 days from the date of issuance of invoice. Revenue is recognised upon delivery of Cargo Oil and when control over the Cargo Oil have been transferred to the customer by way of acknowledgment of bunker delivery note.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

3. REVENUE (cont'd)

Material accounting policy information (cont'd)

Revenue recognised point in time (cont'd)

Oil bunkering and shipping related services (cont'd)

(iii) *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.

(iv) *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.

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.

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. 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. Payment is generally due within the range of 60 days from the date of invoices

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.

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. Revenue is recognised upon completion of services rendered to the customer upon acknowledgement of the service rendered statement. Payment is generally due between 30 to 90 days upon issuance of invoice.

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.

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. Revenue is recognised upon completion of services rendered to the port customers upon acknowledgement of integrated container advise form. Payment is generally due within the range of 30 to 60 days upon issuance of invoice.

NOTES TO THE FINANCIAL STATEMENTS

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3. REVENUE (cont'd)

Material accounting policy information (cont'd)

Revenue recognised point in time (cont'd)

Telecommunication and Networking

Revenue is recognised upon completion of services rendered and acceptance by customers.

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.

Revenue recognised over time

Oil bunkering and shipping related services

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.

Telecommunication and Networking

Installation services

The Group carries out installation services for in-building wireless communication systems and radio frequency enhancement solutions.

Revenue is recognised over the period of the contract by reference to the progress towards the complete satisfaction of the performance obligation which is measured based on the Group's efforts or inputs to the performance obligation (i.e. by reference to the contract costs incurred to date as a percentage of the estimated total contract costs).

4. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Group auditors' remuneration:				
- Statutory audit current year	662,547	610,570	77,000	70,000
- Non-audit services	138,000	38,000	33,000	35,000
Moore Global affiliated firm's remuneration:				
- Statutory audit	67,009	59,524	-	-
Allowance for expected credit losses on trade receivables	12,093	5,325,200	-	-
Accretion of interest income:-				
- Amount due from subsidiary	-	-	(75,673)	(71,228)
- Other receivables	(208,372)	-	-	-
Depreciation of property, plant and equipment	25,834,450	18,973,242	-	118,969

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4. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(loss) before tax is stated after charging/(crediting)(cont'd):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Employee benefits expense [Note (a)]	25,458,090	21,492,125	386,000	1,406,490
Finance costs:				
- Tawarruq Working Capital Financing-i	8,953,660	6,666,311	-	-
- Lease liabilities	445,140	610,801	560	5,271
- Term loans	689,764	214,714	-	-
- Vendor financing liabilities	951,331	1,861,929	-	-
- Amount due to subsidiary	-	-	146,249	-
- Accretion of interest on contingent consideration	81,429	-	81,429	-
Fair value adjustment on other receivable	-	643,069	-	-
Gain on disposal of:-				
- subsidiary	-	-	(6,757,263)	-
- property, plant and equipment	(186,447)	-	-	-
Gain on insurance compensation for property, plant and equipment	-	(3,570)	-	-
Gain on dilution of equity interest in associate	(16,517,984)	-	-	-
Impairment loss on:-				
- property, plant and equipment	5,406,921	-	-	-
- investments in subsidiaries	-	-	4,983,521	-
- amount due from subsidiary	-	-	2,827,576	-
Interest income	(87,100)	(69,507)	(166,433)	(2,987)
Income on shortfall of profit guarantee [Note (b)]	(269,660)	-	(269,660)	-
NASDAQ listing expenses (Note 31 & 32)	13,416,678	-	-	-
Written-off of:				
- bad debts	9,662	622,898	-	-
- deposits	1,242,886	-	-	-
- goodwill	91,457	1,494	-	-
- property, plant and equipment	841,785	233,250	-	-
Short term leases and low value assets:				
- premises	189,437	221,137	-	-
- equipment	1,685,285	1,930,223	-	1,746
Share of associate's aborted GEM listing expenses	-	3,124,300	-	3,124,300
Reversal of allowance for expected credit loss on trade receivables	(312,990)	-	-	-
Realised (gain)/loss on foreign exchange	(2,823,782)	(4,146,873)	62,728	6,115
Unrealised (gain)/loss on foreign exchange	(11,571,591)	623,501	(304,998)	(104,104)

NOTES TO THE FINANCIAL STATEMENTS

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4. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(loss) before tax is stated after charging/(crediting)(cont'd):

(a) Employee benefits expense comprise of:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs				
Salaries and allowances	15,580,819	11,853,691	-	686,080
Bonus	931,257	494,602	-	47,700
Contributions to defined contribution plan	2,340,196	2,093,926	-	82,399
Social security contributions	199,626	157,477	-	4,212
Other benefits	708,399	2,066,146	-	39,102
	<u>19,760,297</u>	<u>16,665,842</u>	<u>-</u>	<u>859,493</u>
Directors' remunerations				
Directors' fee	974,000	939,935	294,000	243,935
Salaries and allowances	4,071,536	3,213,130	92,000	264,200
Bonus	185,000	261,054	-	15,000
Contributions to defined contribution plan	434,143	396,531	-	21,600
Social security contributions	12,654	10,233	-	462
Other benefits	20,460	5,400	-	1,800
	<u>5,697,793</u>	<u>4,826,283</u>	<u>386,000</u>	<u>546,997</u>
Total employee benefits expense	<u>25,458,090</u>	<u>21,492,125</u>	<u>386,000</u>	<u>1,406,490</u>

(b) Income from shortfall in profit guarantee arose from the acquisition of Sinar Maju Logistik Sdn Bhd ("SML")

Pursuant to the acquisition of SML which was completed on 1 April 2022, Tan Sri Mohd Bakri Bin Mohd Zinin ("Vendor") has agreed to undertake and guarantee a profit guarantee of SML for a period of two (2) financial years of 31 December 2022 and 31 December 2023. 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 RM299,622. As SML is a 90% owned subsidiary in the past 2 financial years in 2022 and 2023, an amount of RM269,660 from the shortfall in profit guarantee was recognised in the statements of comprehensive income for the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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5. INCOME TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax				
Based on result for the year	4,042,981	4,935,994	-	-
Underprovision in prior year	738,393	704,466	-	-
	<u>4,781,374</u>	<u>5,640,460</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 19)				
Reversal of temporary differences	(459,097)	(4,271,328)	-	-
Underprovision in prior year	8,801	322,636	-	-
	<u>(450,296)</u>	<u>(3,948,692)</u>	<u>-</u>	<u>-</u>
Share of tax of associate	438,883	1,376,347	-	-
Income tax expense for the year	<u>4,769,961</u>	<u>3,068,115</u>	<u>-</u>	<u>-</u>

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before tax	<u>8,790,047</u>	<u>10,016,400</u>	<u>(2,457,129)</u>	<u>(5,096,685)</u>
Tax at Malaysian statutory income tax rate of 24%	2,110,000	2,403,900	(589,700)	(1,223,200)
Effect of different tax rate in Singapore	(168,000)	(333,700)	-	-
Effect of different tax rate under LBATA	(1,055,000)	(439,900)	-	-
Expenses not deductible for tax purposes	7,295,440	2,178,084	1,943,583	1,037,500
Income not subject to tax	(7,144,867)	(534,018)	(1,686,543)	-
Crystallisation of deferred tax liabilities arising from assets controlled transfer to LBATA	-	(4,024,000)	-	-
Deferred tax assets not recognised	2,546,311	1,414,300	332,660	185,700
Underprovision of tax expense in prior year	738,393	704,466	-	-
Underprovision of deferred tax in prior year	8,801	322,636	-	-
Share of tax of associate	438,883	1,376,347	-	-
Income tax expense for the year	<u>4,769,961</u>	<u>3,068,115</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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5. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses	20,759,500	11,977,400	4,623,500	3,419,400
Unabsorbed capital allowances	8,080,200	7,164,300	99,100	95,100
	<u>28,839,700</u>	<u>19,141,700</u>	<u>4,722,600</u>	<u>3,514,500</u>

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 Malaysian subsidiaries will be subject to Inland Revenue Board discretion and approval to offset against future taxable profits. In prior year, the Finance Act 2022 was published on 31 December 2022 with extension of the time period for carrying forward of unutilised tax losses to 10 years from 7 years.

6. 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	
	2023	2022
Profit after tax attributable to the Owners of the Company (RM)	<u>7,071,415</u>	<u>6,158,229</u>
Weighted average number of ordinary shares		
Number of ordinary shares at beginning of the year	942,142,795	780,789,895
Effect of new ordinary shares issued	<u>4,586,913</u>	<u>113,244,537</u>
Weighted average number of ordinary shares at the end of the year	<u>946,729,708</u>	<u>894,034,432</u>
Basic earnings per ordinary share (sen)	<u>0.75</u>	<u>0.69</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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7. PROPERTY, PLANT AND EQUIPMENT

Group Cost 2023	Vessels RM	Dry-docking Expenditures RM	Shipping Equipment and Tools RM	Furniture, Fittings, and Office Equipment RM	Computers RM	Renovation RM	Cement Tankers RM	Subtotal carried forward RM
At 1 January	161,979,513	38,092,632	4,659,445	1,568,354	2,050,200	5,889,476	6,498,257	220,737,877
Additions	6,298,230	8,866,150	1,949,030	242,514	312,556	1,402,118	-	19,070,598
Written-off	-	-	(1,100)	(125)	-	(56,704)	-	(57,929)
Disposal	-	-	-	(1,816)	(22,725)	-	(180,000)	(204,541)
Reclassifications	(1,006,000)	2,018,548	(841,895)	(95,168)	-	(75,485)	-	-
Foreign exchange difference	8,361,536	4,167,662	134,937	8,779	14,494	10,820	-	12,698,228
At 31 December	175,633,279	53,144,992	5,900,417	1,722,538	2,354,525	7,170,225	6,318,257	252,244,233
Accumulated depreciation								
At 1 January	27,872,451	16,437,898	816,384	738,414	679,072	1,949,513	2,233,544	50,727,276
Charge for the year	7,761,684	12,108,798	762,859	199,091	457,776	1,117,018	606,866	23,014,092
Written-off	-	-	(138)	(34)	-	(45,972)	-	(46,144)
Disposal	-	-	-	(1,001)	(14,418)	-	(151,875)	(167,294)
Reclassifications	-	125,249	-	(65,449)	-	(59,800)	-	-
Foreign exchange difference	1,697,135	911,530	3,513	2,361	8,532	2,695	-	2,625,766
At 31 December	37,331,270	29,583,475	1,582,618	873,382	1,130,962	2,963,454	2,688,535	76,153,696
Accumulated impairment losses								
Addition	-	-	2,406,921	-	-	-	3,000,000	5,406,921
At 31 December	-	-	2,406,921	-	-	-	3,000,000	5,406,921
Net carrying amount								
At 31 December	138,302,009	23,561,517	1,910,878	849,156	1,223,563	4,206,771	629,722	170,683,616

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd) Cost (cont'd) 2023 (cont'd)	Subtotal brought down RM	Motor Vehicles RM	Container RM	Stackers RM	Freehold Building RM	Leasehold Building RM	Construction RM	Assets under Lease of Premises RM	Total RM
At 1 January	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
Additions	19,070,598	533,344	-	-	-	-	94,061	1,165,075	20,863,078
Expiry of lease contract	-	-	-	-	-	-	-	(1,239,167)	(1,239,167)
Written-off	(57,929)	-	-	-	-	-	(830,000)	-	(887,929)
Disposal	(204,541)	(466,176)	-	-	-	-	-	-	(670,717)
Foreign exchange difference	12,698,228	3,688	-	-	-	207,959	-	-	12,909,875
At 31 December	252,244,233	2,543,275	158,855	2,950,881	1,448,528	3,701,330	94,061	8,250,571	271,391,734
Accumulated depreciation									
At 1 January	50,727,276	1,900,261	56,771	1,622,984	50,224	-	-	4,254,133	58,611,649
Charge for the year	23,014,092	370,301	31,771	590,177	13,971	90,276	-	1,723,862	25,834,450
Expiry of lease contract	-	-	-	-	-	-	-	(1,239,167)	(1,239,167)
Written-off	(46,144)	-	-	-	-	-	-	-	(46,144)
Disposal	(167,294)	(438,249)	-	-	-	-	-	-	(605,543)
Foreign exchange difference	2,625,766	3,223	-	-	-	2,257	-	-	2,631,246
At 31 December	76,153,696	1,835,536	88,542	2,213,161	64,195	92,533	-	4,738,828	85,186,491
Accumulated impairment loss									
Addition	5,406,921	-	-	-	-	-	-	-	5,406,921
At 31 December	5,406,921	-	-	-	-	-	-	-	5,406,921
Net carrying amount									
At 31 December	170,683,616	707,739	70,313	737,720	1,384,333	3,608,797	94,061	3,511,743	180,798,322

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd) Cost 2022	Vessels RM	Dry-docking Expenditures RM	Shipping Equipment and Tools RM	Furniture, Fittings, and Office Equipment RM	Computers RM	Renovation RM	Cement Tankers RM	Subtotal carried forward RM
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 8)	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 8)	160,873	-	-	63,045	104,698	90,719	-	419,335
Written-off	-	-	-	-	-	-	(699,750)	(699,750)
Reclassifications	-	-	-	-	-	-	-	-
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 2023
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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd) Cost (cont'd) 2022 (cont'd)	Subtotal brought down RM	Motor Vehicles RM	Container RM	Stackers RM	Freehold Building RM	Leasehold Building RM	Construction RM	Assets under RM	Lease of Premises RM	Total RM
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 8)	1,708,895	870,347	-	-	1,448,528	-	-	62,186	4,089,956	
Expiry of lease contract Written-off*	(933,000)	-	-	-	-	-	-	(663,307)	(663,307)	
Reclassifications	11,896,690	(43,000)	-	-	-	-	-	-	(976,000)	
Foreign exchange difference	7,127,659	4,334	-	-	-	-	(11,896,690)	-	-	
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 8)	419,335	537,399	-	-	40,910	-	-	13,000	1,010,644	
Expiry of lease contract Written-off*	(699,750)	(27,950)	-	-	-	-	-	(663,307)	(663,307)	
Foreign exchange difference	551,677	2,777	-	-	-	-	-	(3,925)	(727,700)	
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 that 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 2023

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Computers RM	Furniture, Fittings, and Office Equipment RM	Renovation RM	Motor Vehicle RM	Lease of Premises RM	Total 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	-	-	-	-	-	-

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Total additions	20,863,078	34,150,103	-	6,100
Less: Financed through lease arrangement	(1,537,075)	(630,642)	-	-
Term loans	(3,600,000)	(2,629,631)	-	-
Cash payment	15,726,003	30,889,830	-	6,100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (b) Carrying amounts of property, plant and equipment pledged for banking facilities of the Group as disclosed in Note 21 are as follows:

	Group	
	2023 RM	2022 RM
Freehold building	1,384,333	1,398,304
Leasehold building	3,608,797	3,493,371
Vessels	133,345,015	128,752,483
Dry-docking expenditures	4,567,099	4,451,484
Shipping equipment	458,465	812,110
Furniture, fittings and office equipment	223,610	216,980
Computers	171,500	22,351
Renovation	308,363	300,460
	<u>144,067,182</u>	<u>139,447,543</u>

- (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	
	2023 RM	2022 RM
Leasehold building	3,608,797	3,493,371
Motor vehicles	560,041	438,323
Stackers	737,720	1,327,897
Cement tankers	91,397	3,659,675
Lease of premises	3,511,743	4,070,530
	<u>8,509,698</u>	<u>12,989,796</u>

The expenses charged to profit and loss during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of right-of-use assets	2,392,624	3,150,012	-	80,088
Interest expense on lease liabilities	445,140	610,801	560	5,271
Impairment loss	3,000,000	-	-	-
Payment relating to short term lease rental and low value assets	<u>1,874,722</u>	<u>2,151,360</u>	<u>-</u>	<u>1,746</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (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 Nil (2022: RM2,354,181).
- (e) The Group carried out a review on the carrying amounts of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. When an indication exists, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of the property, plant and equipment was derived based on the higher of cash flows projection derived from the most recent financial forecast and projections approved by the Directors covering a period of 5 years.

Inland transportation services

Straits Alliance Transport Sdn Bhd ("SAT") which carries out inland transportation services for delivery and unloading bulk cement had been continuously incurring losses since prior years. Accordingly, the Group has performed impairment assessment to estimate the recoverable amount of the underlying assets of SAT based on higher of VIU and FVLCOD. VIU was determined by discounting future cash flows expected to be generated from the continuing use of SAT's existing fleet of aged cement tankers and FVLCOD was determined based on the cement tankers' scrap value. As a result of the impairment assessment carried out, the Group recognised an estimated impairment loss of RM3,000,000 (2022: Nil) in the "other expense" line item in the statements of comprehensive income of the Group for the financial year ended 31 December 2023.

The key assumptions used in the VIU cash flows projections based on pre-tax discount rate for impairment testing is disclosed in Note 8.

STS operation

An indirect subsidiary of the Company, Victoria STS (Labuan) Sdn Bhd ("Victoria") has been in loss making position since prior years and has scaled down its STS operations during the financial year. Accordingly, the Group has performed impairment assessment to estimate the recoverable amount of the underlying assets of Victoria based on higher of VIU and FVLCOD. VIU was determined by discounting future cash flows expected to be generated from scaled down usage of STS operation equipment and FVLCOD was determined based on scrap value. As a result of the impairment assessment carried out, the Group recognised an impairment loss of RM2,406,921 (2022: Nil) in the "other expense" line item in the statements of comprehensive income of the Group for the financial year ended 31 December 2023.

Material accounting policy information

- (i) Recognition and measurement

Property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

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*.

NOTES TO THE FINANCIAL STATEMENTS

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Material accounting policy information (cont'd)

(ii) Depreciation

The estimated useful lives for the current and comparative periods are as follows:

Vessels	10 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.

(iii) Right-of-use assets

The right-of-use assets pertaining to lease of motor vehicles, cement tankers and premise are presented as part of property, plant and equipment in the statements of financial position.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

	Company	
	2023 RM	2022 RM
Unquoted shares at cost:		
1 January	75,969,460	59,621,139
Addition	14,776,485	16,348,321
Disposal	(4,344,611)	-
Reclassification of share application monies	(7,705,000)	-
31 December	78,696,334	75,969,460
Accumulated impairment losses:		
At 1 January	(890,000)	(890,000)
Addition	(1,015,000)	-
At 31 December	(1,905,000)	(890,000)
	76,791,334	75,079,460
Capital contribution to subsidiaries	37,321,704	37,321,704
Accumulated impairment losses:		
At 1 January	-	-
Addition	(3,968,521)	-
At 31 December	(3,968,521)	-
	33,353,183	37,321,704
Net carrying amount	110,144,517	112,401,164

The capital contribution to subsidiaries amounting to RM33,353,183 (2022: RM37,321,704) 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	
			2023	2022
Benua Hijau Sdn. Bhd. ("BH")	Malaysia	Decarbonisation environmental activities	51%	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%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

*cont'd***8. INVESTMENTS IN SUBSIDIARIES (cont'd)**

Details of subsidiaries are as follows (cont'd):

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2023	2022
Straits Alliance Transport Sdn. Bhd. ("SAT")	Malaysia	Inland transportation services	70%	70%
Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")	Malaysia	Investment holding	-	90%*
Straits Port Management Sdn. Bhd. ("SPM")	Malaysia	Investment holding	100%	100%
Straits Management Services Sdn. Bhd. ("SMT")	Malaysia	Provision of management services	100%	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%	90%
Pan Management Services Ltd ("PAN")	Malaysia	Provision of management services	100%	100%
TMD Straits Ltd ("TMD Straits")	Malaysia	Provision of vessel chartering services	100%	100%
TMD Sturgeon Ltd ("TMD Sturgeon")	Malaysia	Provision of vessel chartering services	100%	100%
Straits Bulkers Maritime Sdn. Bhd. ("SBM")	Malaysia	Dormant	100%	100%
Straits Technology Solutions Sdn. Bhd. ("STS")	Malaysia	Investment holding	75%	75%#
TMD Energy Limited ("TMDel")	Cayman Islands	Investment holding	100%	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows (cont'd):

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2023	2022
Subsidiaries of TMD				
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%
Subsidiaries of SMF				
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%
Subsidiary of TMDel				
Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")	Malaysia	Investment holding	100%	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2023	2022
Subsidiary of SAT				
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%
Subsidiary of SML				
Sinar Maju Marin Sdn. Bhd. ("SMM")	Malaysia	Provision of freight over seas and coastal waters	100%	100%
Subsidiaries of SPM				
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%
Subsidiaries of MPM				
Victoria 3 Limited ("Vic 3")	Malaysia	Provision of vessel chartering services	-	100%
Subsidiary of FML				
Victoria STS (Labuan) Sdn. Bhd. ("Victoria")	Malaysia	Investment holding and STS operation	70%	70%
Subsidiaries of Victoria				
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%
Victoria 3 Limited ("Vic 3")	Malaysia	Provision of vessel chartering services	100%	-
Subsidiary of SMS				
Straits Maritime Services Pte Ltd ^ ("SMS 2")	Singapore	Provision of shipping services, general cleaning and disinfecting	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows: (cont'd)

Name	Country of Incorporation	Principal Activities	Effective equity interest	
			2023	2022
Subsidiaries of STS				
Straits CommNet Solutions Sdn. Bhd. ("SCS")	Malaysia	Telecommunication and networking	70%	70%#
Wire & Wireless Sdn. Bhd. ("W&W")	Malaysia	Telecommunication equipment and consultants	51%	51%
Straits Infra Sdn. Bhd. ("SI")	Malaysia	Provision of broadband internet access services, web enabling services, supply and service of computers and related products.	70%	-
Straits Union Networks Sdn. Bhd. ("SUN")	Malaysia	Provide telecommunications solution, products and services	60%	-
Subsidiary of W&W				
5 Bar Cambodia Co., Ltd. ("5 Bar")^	Malaysia	Telecommunication and networking services	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 23%.

** Equity interest held in trust by Director of 5 Bar.

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.

2023

Acquisition of subsidiary by the Company

On 21 November 2023, the Company acquired 100 ordinary shares in TMDel, representing 100% equity interest in TMDel, a dormant company incorporated in the Cayman Islands for a total cash consideration of USD0.01 (equivalent to RM0.05) from the subscriber shareholder, Ogier Global Subscriber (Cayman) Limited.

Internal restructuring by the Company

On 1 December 2023, the Company acquired 330,000 SMF Shares, representing the remaining 33% of the equity interest in SMF for a purchase consideration of RM3,663,619 (with stamp duty of RM10,992) from TMD and SMF subsequently became 100% direct subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

2023 (cont'd)

Internal restructuring by the Company (cont'd)

On 14 December 2023, the Company transferred its direct 100% owned subsidiary, SMF to TMDel, which is also 100% direct owned subsidiary of the Company which involved the transfer of 1,000,000 ordinary shares (*original cost of investment of RM670,000*) for a purchase consideration RM11,101,874 to be satisfied via issuance of TMDel shares of which the number of shares will be determined at a later date and this resulted in gain on disposal amounted to RM6,757,263 (2022: Nil) being recognised in the "other income" line item in the statement of comprehensive income of the Company during the financial year. In addition, share application monies pending allocation of shares by SMF amounted to RM7,705,000 was also reclassified to amount due from SMF during the financial year due to this internal restructuring exercise.

Effect of the increase in the Company's equity interest in SMF is as follow:

	Group 2023 RM
Fair value of consideration transferred to a subsidiary	1,089,511
Less : Increase in share of adjusted net assets	<u>(490,153)</u>
Net increase in Owner's equity	<u>599,358</u>
Acquisition of NCI, representing net changes in NCI	<u>1,089,511</u>

Acquisition of subsidiaries by the Group and changes in group structure

- (i) On 3 March 2023, the Company's 75% owned subsidiary, STS, acquired 350,000 ordinary shares in SI, representing 70% equity interest in SI, for a purchase consideration of RM700,000 fully satisfied via cash.
- (ii) On 19 April 2023, the Company's 75% owned subsidiary, STS, acquired 60,002 ordinary shares in SUN, representing 60% equity interest in SUN, for a purchase consideration of RM60,002 fully satisfied via cash.
- (iii) On 31 December 2023, the Company's indirect owned subsidiary, W&W, acquired 5,000 ordinary shares in 5 Bar, representing 100% equity interest in 5 Bar, for a purchase consideration of RM9 fully satisfied via cash.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

2023 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure (cont'd)

The effect of acquisition of subsidiaries is as follow:

	2023		
	SI RM	SUN RM	5 Bar RM
Other receivables	1,877	-	2,749
Tax recoverable	55,174	13,328	-
Cash and bank balances	7,004	94,923	5,632
Trade payables	(315,201)	-	(20,851)
Other payables	(267,002)	(4,949)	(78,978)
Net identifiable (liabilities)/assets	(518,148)	103,302	(91,448)
Net cash flow arising from acquisition of subsidiaries			
Consideration settled in cash	700,000	60,002	9
Less: Cash and cash equivalents of the subsidiary acquired	(7,004)	(94,923)	(5,632)
Net cash (outflow)/inflow from acquisition of subsidiaries	(692,996)	34,921	5,623
Goodwill arising on acquisition			
Fair value of net identifiable (liabilities)/assets	(518,148)	103,302	(91,448)
Attributable to non-controlling interests	155,445	(43,300)	-
	(362,703)	60,002	(91,448)
Less: Cost of business combination	(700,000)	(60,002)	(9)
Goodwill on consolidation (Note 10)	1,062,703	-	91,457

Internal restructuring

On 15 April 2023, MPM, a 51% indirect owned subsidiary of the Company has transferred 100% of its equity interest in Vic 3 to Victoria for a consideration of USD100 (approximately RM440). The effect of the internal transfer resulted in Vic 3 to be a 42% (2022: 51%) indirect owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

2023 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure (cont'd)

Internal restructuring (cont'd)

Effect of the internal restructuring of the Group is as follow:-

	Group 2023 RM
Fair value of consideration transferred	-
Increase in share of net assets	<u>2,605</u>
Increase in Owner's equity	<u>2,605</u>

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 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*	<u>2,438,571</u>
	<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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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8. 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:

	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>
Net cash flow arising from acquisition of subsidiaries		
Purchase consideration	13,909,140	510
Less: Cash and cash equivalents of the subsidiaries acquired	<u>(727,241)</u>	-
Net cash outflow from acquisition of subsidiaries	<u>(13,181,899)</u>	<u>(510)</u>
Goodwill arising on acquisition		
Fair value of net identifiable assets/(liabilities)	1,617,834	(1,930)
Attributable to non-controlling interest	<u>(161,783)</u>	946
	1,456,051	(984)
Less: Cost of business combination	(13,909,140)	(510)
Less: Fair value of contingent consideration	<u>(2,438,571)</u>	-
Goodwill on consolidation (Note 10)	<u>14,891,660</u>	<u>1,494</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure

- (i) On 30 April 2022, the Company's 75% owned subsidiary, STS, 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.

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	<u>(1,401,786)</u>
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	<u>(1,059,699)</u>
Goodwill arising on acquisition	
Fair value of net identifiable liabilities	(1,401,786)
Subscription of increased share capital	1,102,500
Attributable to non-controlling interest	515,375
	<u>216,089</u>
Less: Cost of business combination	(1,109,527)
Goodwill on consolidation (Note 10)	<u>893,438</u>

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

2022 (cont'd)

Acquisition of subsidiaries by the Group and changes in group structure (cont'd)

(ii) Effect of the increase in the Group'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	<u>(510,735)</u>
Decrease in Owner's equity	<u>639,265</u>
Acquisition of non-controlling interest	510,735
Refund of share application monies	<u>640,744</u>
Net changes in non-controlling interest	<u>1,151,479</u>
Fair value of consideration transferred	1,150,000
Refund of share application monies	<u>640,744</u>
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.

Impairment review of investments in subsidiaries

As at the reporting date, 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 FVLCOD method which were determined based on future discounted cash flows taking into account tax cash flows of subsidiaries which are available for distribution of dividends and based on the impairment assessment performed, an impairment loss of RM4,983,521 (2022: Nil) being recognised in the "other expenses" line item in the statement of comprehensive income of the Company for the financial year ended 31 December 2023.

The key assumptions used in cash flows projections for impairment testing purposes are as follows:-

SAT (*inland transportation services*)

- Discount rate* of 9.0% (2022: 11.8%);
- Budgeted gross margins are based on actual gross margin values achieved previously preceding the start of the budget period;
- The gross margin are adjusted downward for the anticipated higher repair and maintenance costs due to the aging fleet of cement tankers; and
- Zero growth rate to compute terminal value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Impairment review of investments in subsidiaries (cont'd)

STS (*telecommunication and networking services*)

- Discount rate* of 12.9% (2022: 14.0%);
- Budgeted 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;
- Revenue from projected contract value based on probability of winning the project ranging from 25% to 80% (2022: 25% to 80%); and
- Zero growth rate to compute terminal value.

(Note: Entities within this CGU includes SCS, W&W, SI and SUN. The above are the key assumptions for cash flows projections of W&W which is currently STS's active operating subsidiary for impairment testing purposes for the Company's investment in STS)

SPM (*port operation and facility management*)

- Discount rate* of 8.8%;
- Budgeted 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; and
- Zero growth rate to compute terminal value.

SML (*shipping agency services*)

- Discount rate* of 9.9% (2022: 10.1%);
- Budgeted freight forwarding commission are based on values achieved previously preceding the start of the budget period. These are increased over the historical commission due to higher anticipated number of ships at port of call in Port of Tanjung Pelepas and Port Klang; and
- Zero growth rate to compute terminal value.

* *The above 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.*

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 2023

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8. 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)
2023		
SAT	30%	(1,299,789)
SBSB	49%	(9,984)
SMF	10% *	213,334
SMS	49%	1,040,100
TMD	30%	2,486,384
MPM	49%	(105,626)
STS	25%	(9,710)
Victoria	58%	(4,630,704)
FML	40%	(5,843)
SCS	48%	(886,520)
SML	10%	130,587
W&W	62%	(23,816)
BH	49%	(90,347)
Sierra	49%	162,965
Beluga	49%	(301,344)
Katsu	49%	161,129
SI	48%	175,556
SUN	55%	(57,701)
		<u>(3,051,329)</u>
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
STS	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)
		<u>790,056</u>

* Profit allocated to SMF's NCI up to 30 November 2023 as SMF became the Company's wholly owned subsidiary on 1 December 2023.

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8. 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:

	SMS RM	SAT RM	TMD RM	SML RM	MPM RM	Victoria RM	Sierra RM	Katsu RM	Beluga RM	W&W RM	SCS RM
2023											
Assets and liabilities											
Non-current assets	3,929,797	736,566	27,635,542	1,799,552	7,461,719	16,376,057	10,440,277	10,081,710	16,885,401	1,545,877	449,518
Current assets	10,745,956	2,352,031	323,898,477	5,125,085	4,687,897	723,857	127,397	375,383	117,119	4,905,120	5,018,421
Non-current liabilities	(2,532,061)	(2,277,161)	(309,068)	(169,769)	(3,077,404)	(4,652,509)	-	-	(227,529)	(1,470,043)	-
Current liabilities	(2,753,394)	(7,833,659)	(287,321,060)	(2,926,122)	(5,663,781)	(20,576,503)	(3,123,874)	(208,853)	(12,595,661)	(6,215,869)	(6,126,533)
Net assets/(liabilities)	9,390,298	(7,022,223)	63,903,891	3,828,747	3,408,431	(8,129,098)	7,443,800	10,248,240	4,179,330	(1,234,915)	(658,594)
Results											
Revenue	8,055,568	5,998,984	2,884,043,445	4,849,167	13,481,229	4,957,730	1,474,330	1,092,096	2,894,054	6,580,938	1,384,223
Other comprehensive income	458,411	-	552,969	-	-	249,905	299,417	416,766	196,368	-	-
Profit/(loss) for the financial year	2,122,654	(4,332,632)	8,287,946	1,305,872	(215,553)	(7,984,093)	332,582	328,835	(614,988)	(38,569)	(1,866,358)
Cash flows from:											
- Operating activities	(1,154,520)	(628,519)	(11,513,307)	863,280	3,585,129	(857,520)	(303,139)	(394,338)	2,046,756	(2,829,976)	(3,862,009)
- Investing activities	105,248	27,963	(17,819,523)	(33,880)	(1,348,584)	(590,163)	-	(5,083)	(1,401,441)	(76,629)	(346,217)
- Financing activities	(183,067)	486,566	(4,790,753)	(1,386,267)	(2,780,055)	742,829	192,236	285,947	(652,154)	3,919,246	5,847,203

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8. 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 RM	SAT RM	TMD RM	SMF RM	SML RM	MPM RM	Victoria RM	Sierra RM	Katsu RM	Beluga RM	W&W RM	SCS RM
2022												
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	262,656,859	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)	(128,343)	(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)	(243,447,426)	(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)	55,314,193	27,608,235	2,522,875	4,156,611	(352,260)	6,811,801	9,502,703	4,597,949	(1,196,346)	1,207,764
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 financial 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	-	(141,240)	(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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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Material accounting policy information

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.

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.

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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Material accounting policy information (cont'd)

Business combination (cont'd)

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.

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, investments 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Material accounting policy information (cont'd)

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.

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.

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At cost				
Unquoted shares				
At 1 January	15,013,149	15,013,149	15,013,149	15,013,149
Addition	20,000	-	-	-
At 31 December	15,033,149	15,013,149	15,013,149	15,013,149
Share of post-acquisition reserve				
At 1 January	16,634,082	10,548,607	-	-
Addition	1,674,411	4,228,466	-	-
Adjustment for aborted GEM listing expenses borne by the Company as shareholder	-	1,045,158	-	-
	18,308,493	15,822,231	-	-
Gain on dilution	16,517,984	-	-	-
Foreign exchange reserve	923,624	811,851	-	-
At 31 December	35,750,101	16,634,082	-	-
Net carrying amount	50,783,250	31,647,231	15,013,149	15,013,149
Fair value of quoted shares	55,123,463	-	55,123,463	-

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9. INVESTMENTS IN ASSOCIATES (cont'd)

Details of the associates as follows:

Name of associates	Country of incorporation	Principal activity	Effective equity interest	
			2023	2022
CBL International Limited ("CBLIL")*	Cayman islands	Investment holding	32.3%	38.0%
Associate of TMD				
Horizon Shipyard Inter Globe (M) Sdn. Bhd. ("Horizon")**	Malaysia	Yet to commence operations	20%	-

* 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 for shares at equivalent percentage in Banle International Group Limited ("BIG"). Pursuant to the completion of this share-swap, Banle has become a wholly-owned subsidiary of BIG.

However, the IPO in GEM was subsequently aborted (*resulted in GEM listing expenses of RM3,124,300 being borne by the Company in prior financial year*) and a business reorganisation of BIG's legal group structure was completed in August 2022 which involved the incorporation of 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 prior 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 and resulted in gain on dilution of RM16,517,984 (2022: Nil) being recognised in "other income" line item in the statement of comprehensive of the Group for the financial year ended 31 December 2023.

** A subsidiary of the Company, TMD, subscribed for 20,000 ordinary shares representing 20% equity interest in Horizon for cash consideration of RM20,000 during the financial year.

The summarised financial information of the material associate are as follows:

	CBLIL	
	2023 RM	2022 RM
As at 31 December		
Assets and liabilities		
Non-current assets	6,116,270	3,229,782
Current assets	238,819,461	103,707,161
Current liabilities	(128,134,750)	(57,712,722)
Non-current liabilities	(890,520)	(1,005,643)
Net assets	<u>115,910,461</u>	<u>48,218,578</u>
For the financial year ended 31 December		
Results		
Revenue	1,983,508,976	2,037,018,983
Profit for the year	<u>5,183,934</u>	<u>11,127,541</u>

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9. INVESTMENTS IN ASSOCIATES (cont'd)

The reconciliation of the material associate's net assets to the carrying amount of the investments in associates are as follows:

	Group 2023 RM	2022 RM
Reconciliation of net assets to carrying amount at the end of the financial year		
Group's share of net assets	37,439,079	18,323,060
Goodwill	<u>13,324,171</u>	<u>13,324,171</u>
Carrying amount in the statements of financial position	<u>50,763,250</u>	<u>31,647,231</u>
Group's share of results for the financial year ended 31 December		
Profit for the year	<u>1,674,411</u>	<u>5,273,624</u>

Material accounting policy information

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. If the Group's equity interest in the associate is diluted but retained significant influence, the Group continues to account for the investment in associate using the equity method and any gain or loss arising from the dilution of equity interest in the associate will be recognised in profit or loss.

Investments in associates are measured at the Company's statement of financial position at cost less any impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment.

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10. GOODWILL

	Group	
	2023 RM	2022 RM
Gross amount		
At 1 January	46,344,056	30,558,958
Additions (Note 8):-		
- SML	-	14,891,660
- BH	-	1,494
- W&W	-	893,438
- SI	1,062,703	-
- 5 Bar	91,457	-
	1,154,160	15,786,592
Written off	(91,457)	(1,494)
	1,062,703	15,785,098
At 31 December	47,406,759	46,344,056

During the financial year, the addition of goodwill of RM91,457 (2022: RM1,494) which arose from the acquisition of 5 Bar (2022: BH) by the Group and the management decided to write off the goodwill as both 5 Bar and BH 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	
	2023 RM	2022 RM
TMD	30,558,958	30,558,958
SML	14,891,660	14,891,660
W&W and SI	1,956,141	893,438
Total	47,406,759	46,344,056

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 FVLCO method using cash flows projection derived from the most recent financial projections approved by the Directors covering a five (5) years period. The key assumptions used in the determination of recoverable amounts of SML, W&W and SI are disclosed in Note 8.

Material accounting policy information

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.

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10. GOODWILL (cont'd)

Material accounting policy information (cont'd)

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.

11. INVENTORIES

	Group	
	2023	2022
	RM	RM
At cost:		
Bunkering marine oil	72,906,589	45,523,404
Spare parts	102,558	134,161
	73,009,147	45,657,565
Inventories recognised in cost of sales	2,775,220,843	2,993,995,148

Material accounting policy information

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.

12. TRADE RECEIVABLES

	Group	
	2023	2022
	RM	RM
Gross amounts	116,913,729	45,184,988
Less: Allowance for expected credit losses		
At 1 January	(6,986,348)	(1,661,148)
Additions	(12,093)	(5,325,200)
Reversal	312,990	-
At 31 December	(6,685,451)	(6,986,348)
Net carrying amount	110,228,278	38,198,640

The Group's normal trade credit terms ranging from 30 to 60 days (2022: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is a gross amount of RM564,827 (2022: RM943,125) which were due from related parties of which certain Director of a subsidiary has substantial financial interest.

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13. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Prepayments	2,250,859	3,128,723	-	-
Current				
Other receivables	54,553,280	43,313,407	287,540	18,780
Deposits	53,912,563	24,137,160	16,781	17,782
Prepayments	3,887,369	7,231,186	33,290	333,981
	<u>112,353,212</u>	<u>74,681,753</u>	<u>337,611</u>	<u>370,543</u>
	<u>114,604,071</u>	<u>77,810,476</u>	<u>337,611</u>	<u>370,543</u>

Included in other receivables of the Group are the following:

- an amount of RM44,506,478 (2022: RM30,926,641) being advance payments to suppliers for purchase of cargo oil;
- an amount of RM269,660 (2022: Nil) being income from shortfall in profit guarantee arose from acquisition of SML as disclosed in Note 4(b); and
- an amount of Nil (2022: RM1,290,000) 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 RM49,293,578 (2022: RM18,150,000) being deposits paid to third party suppliers to obtain credit enhancement for the supply of cargo oil.
- an amount of RM2,263,500 (2022: RM2,263,500) being cargo deposit paid to third party supplier for upgrading of payment term; and
- an amount of Nil (2022: 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 RM6,768,250 (2022: RM6,383,482) 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 33) prior to TMD's acquisition by the Company in 2018. Out of this total, an amount of RM3,563,421 (2022: RM4,385,750) with the net present value of RM3,128,724 (2022: RM3,742,681) 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 RMNIL (2022: RM643,069) being recognised in profit or loss represents the loss on present value estimated using a discount rate of NIL (2022: 8%) per annum.

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13. OTHER RECEIVABLES (cont'd)

Included in the prepayments of the Group are the following:

- The below is in respect of the reimbursable legal fees under the repayment plan arrangement:

	Group	
	2023	2022
	RM	RM
Minimum payments:		
Within 1 year	1,096,437	822,328
More than 1 year and less than 2 years	1,096,437	1,096,437
More than 2 years and less than 5 years	1,370,547	2,466,985
	<u>3,563,421</u>	<u>4,385,750</u>
Less: Unamortised interest	(434,697)	(643,069)
Present value of prepayments	<u>3,128,724</u>	<u>3,742,681</u>
 Present value of prepayments:		
Within 1 year	877,865	613,958
More than 1 year and less than 2 years	950,727	877,864
More than 2 years and less than 5 years	1,300,132	2,250,859
	<u>3,128,724</u>	<u>3,742,681</u>
 Representing by:		
Current	877,865	613,958
Non-current	2,250,859	3,128,723
	<u>3,128,724</u>	<u>3,742,681</u>

- an amount of Nil (2022: RM786,750) being prepaid expenses in relation to an ongoing corporate exercise of a subsidiary.

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Amounts due from subsidiaries		
- Non-current (Note a)	1,288,380	1,212,707
- Current (Note b)	51,654,193	32,081,280
Gross amount	52,942,573	33,293,987
Less: Allowance for expected credit losses		
At 1 January	-	-
Addition	2,827,576	-
At 31 December	2,827,576	-
Carrying amount	<u>50,114,997</u>	<u>33,293,987</u>
Amount due to subsidiaries (Note b)	<u>(31,929,705)</u>	<u>(25,923,561)</u>

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14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (cont'd)

- (a) This amount is non-trade in nature, 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	
	2023	2022
	RM	RM
Minimum payments:		
More than 2 years and less than 5 years	1,500,000	1,500,000
Less: Unamortised interest	<u>(211,620)</u>	<u>(287,293)</u>
Present value of amount due from subsidiary	<u>1,288,380</u>	<u>1,212,707</u>
Present value of payments:		
More than 2 years and less than 5 years	<u>1,288,380</u>	<u>1,212,707</u>
	<u>1,288,380</u>	<u>1,212,707</u>

- (b) These amounts are non-trade in nature, unsecured, interest free and are collectible/(repayable) on demand.

15. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023	2022
	RM	RM
At 1 January	(57,343)	-
Acquisition of a subsidiary (Note 8)	-	169,499
Revenue recognised during the year	5,984,412	1,376,297
Less: Progress billing during the year	<u>(3,560,812)</u>	<u>(1,603,139)</u>
At 31 December	<u>2,366,257</u>	<u>(57,343)</u>
Contract costs incurred to date	5,487,239	1,018,932
Attributable profits	<u>1,582,461</u>	<u>357,365</u>
	7,069,700	1,376,297
Less: Adjustments for completed projects		
Contract costs incurred to date	<u>(211,923)</u>	<u>(201,159)</u>
Attributable profits	<u>(135,742)</u>	<u>(89,850)</u>
	<u>(347,665)</u>	<u>(291,009)</u>
	6,722,035	1,085,288
Less: Progress billings	(4,703,443)	(1,433,640)
Adjustments for completed projects	<u>347,665</u>	<u>291,009</u>
Contract assets/(liabilities)	<u>2,366,257</u>	<u>(57,343)</u>

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.

Contract liabilities primarily relates to amount billed to customer or deposits received from customers before a related performance obligation is satisfied by the Group.

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16. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate of the deposit placed with licensed banks are ranging from 1.9% to 2.5% (2022: 1.90% to 2.62%) and has maturity period of 30 to 365 days (2022: 30 to 365 days).

Certain fixed deposits are pledged for borrowing facility granted to the Group as disclosed in Note 21(b) and bank guarantees extended to suppliers.

17. SHARE CAPITAL

	Group and Company Number of Ordinary Shares		Group and Company Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid:				
At 1 January	942,142,795	780,789,895	146,739,666	124,895,843
Issued during the year:				
- Private placement	52,319,478	91,340,000	5,755,142	13,792,340
- Exercise of warrants	-	70,012,900	-	8,051,483
At 31 December	<u>994,462,273</u>	<u>942,142,795</u>	<u>152,494,808</u>	<u>146,739,666</u>

On 30 November 2023, the issued and paid-up share capital of the Company was increased from RM146,739,666 to RM152,494,808 by way of issuance of 52,319,478 new ordinary shares at RM0.11 each via private placement exercise for the purpose of financing existing and potential projects and investments that align with the Group's growth plans for the telecommunication and networking segment and working capital for the Group.

In the previous financial year, 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.

In the previous financial year, 70,012,900 of the Warrants 2017/2022 ("Warrants") were exercised at an exercise price of RM0.115 per Warrant.

The ordinary shares issued during the financial 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.

18. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:				
Warrants reserve [Note(a)]	-	-	-	-
Other reserve [Note(b)]	-	-	-	-
Foreign currency translation reserve [Note(c)]	<u>8,398,792</u>	<u>4,043,633</u>	<u>-</u>	<u>-</u>
	<u>8,398,792</u>	<u>4,043,633</u>	<u>-</u>	<u>-</u>
Attributable to:				
Owners of the Company	<u>8,398,792</u>	<u>4,043,633</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

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*cont'd***18. RESERVES** (cont'd)**(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
- (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 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.

In prior financial year, 70,012,900 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	
	2023	2022
	RM	RM
At 1 January	-	17,625,762
Exercised	-	(8,051,483)
Expired	-	(9,574,279)
	<u>-</u>	<u>(9,574,279)</u>
At 31 December	<u>-</u>	<u>-</u>

(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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19. DEFERRED TAX LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	599,257	4,544,199	-	-
Acquisition of subsidiaries (Note 8)	-	3,750	-	-
Recognised in profit or loss (Note 5)	(450,296)	(3,948,692)	-	-
At 31 December	<u>148,961</u>	<u>599,257</u>	<u>-</u>	<u>-</u>

Presented after appropriate set-off as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax assets	(1,722,009)	(1,960,478)	-	-
Deferred tax liabilities	1,870,970	2,559,735	-	-
	<u>148,961</u>	<u>599,257</u>	<u>-</u>	<u>-</u>

The components of deferred tax (assets)/liabilities during the year prior to offsetting are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax assets				
Unabsorbed capital allowances	(827,637)	(632,460)	-	-
Other deductible temporary differences	(894,372)	(1,328,018)	-	-
	<u>(1,722,009)</u>	<u>(1,960,478)</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	1,078,767	1,581,302	-	-
Other taxable temporary differences	792,203	978,433	-	-
	<u>1,870,970</u>	<u>2,559,735</u>	<u>-</u>	<u>-</u>
	<u>148,961</u>	<u>599,257</u>	<u>-</u>	<u>-</u>

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31 December 2023

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19. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses	20,759,500	11,602,700	4,623,500	3,237,400
Unabsorbed capital allowances	4,631,700	3,509,500	99,100	99,100
Other deductible temporary differences	330,000	-	-	-
	<u>25,721,200</u>	<u>15,112,200</u>	<u>4,722,600</u>	<u>3,336,500</u>

20. LEASE LIABILITIES

Group	Lease of Premises RM	Motor Vehicles RM	Total RM
2023			
Minimum lease payments:			
Within 1 year	1,894,131	1,724,550	3,618,681
More than 1 year and less than 2 years	1,660,080	1,464,327	3,124,407
More than 2 years and less than 5 years	388,660	668,696	1,057,356
More than 5 years	-	91,806	91,806
	<u>3,942,871</u>	<u>3,949,379</u>	<u>7,892,250</u>
Less: Future finance charges	<u>(208,799)</u>	<u>(225,275)</u>	<u>(434,074)</u>
Present value of lease payables	<u>3,734,072</u>	<u>3,724,104</u>	<u>7,458,176</u>
Present value of lease liabilities:			
Within 1 year	1,748,627	1,592,450	3,341,077
More than 1 year and less than 2 years	1,600,205	1,403,996	3,004,201
More than 2 years and less than 5 years	385,240	638,836	1,024,076
More than 5 years	-	88,822	88,822
	<u>3,734,072</u>	<u>3,724,104</u>	<u>7,458,176</u>
Representing by:			
Current liability	1,748,627	1,592,450	3,341,077
Non-current liability	<u>1,985,445</u>	<u>2,131,654</u>	<u>4,117,099</u>
	<u>3,734,072</u>	<u>3,724,104</u>	<u>7,458,176</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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20. LEASE LIABILITIES (cont'd)

Group (cont'd)	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
	<u>4,647,520</u>	<u>5,867,181</u>	<u>10,514,701</u>
Less: Future finance charges	(320,396)	(382,660)	(703,056)
Present value of lease payables	<u>4,327,124</u>	<u>5,484,521</u>	<u>9,811,645</u>
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
	<u>4,327,124</u>	<u>5,484,521</u>	<u>9,811,645</u>
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
	<u>4,327,124</u>	<u>5,484,521</u>	<u>9,811,645</u>

Company

	2022 RM
Motor Vehicle	
Minimum lease payments:	
Within 1 year	38,295
Less: Future finance charges	(570)
Present value of lease payables	<u>37,725</u>
Present value of lease liabilities:	
Within 1 year	<u>37,725</u>
Representing by:	
Current liability	<u>37,725</u>

The effective interest rates per annum at the reporting date for the lease liabilities of the Group and the Company are ranging from 3.8% to 6.7% (2022: 4.2% to 8.7%) and 4.8% (2022: 4.8%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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21. BORROWINGS

	Group	
	2023	2022
	RM	RM
Secured		
Current		
- Tawarruq working capital financing-i [(Note (a))]	110,997,723	111,380,317
- Term loans [(Note (b))]	2,962,607	1,626,539
- Mortgage loan [(Note (c))]	34,281	35,235
- Bank overdraft [Note (d)]	432,533	538,664
	<u>114,427,144</u>	<u>113,580,755</u>
Non-current		
- Term loans [(Note (b))]	7,773,429	7,239,714
- Mortgage loan [(Note (c))]	1,115,044	1,155,409
	<u>8,888,473</u>	<u>8,395,123</u>
	<u>123,315,617</u>	<u>121,975,878</u>
Total		
- Tawarruq working capital financing-i	110,997,723	111,380,317
- Term loans	10,736,036	8,866,253
- Mortgage loan	1,149,325	1,190,644
- Bank overdraft	432,533	538,664
	<u>123,315,617</u>	<u>121,975,878</u>
Maturity profile of borrowings:		
Repayable within one year	114,427,144	113,580,755
Repayable between one to five years	6,026,805	5,483,078
Repayable more than five years	2,861,668	2,912,045
	<u>123,315,617</u>	<u>121,975,878</u>

(a) Tawarruq Working Capital Financing-i

This facility bears interest is 8.25% (2022: 8.0%) per annum and the repayment term were up to 90 days (2022: 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.

(b) The term loans of the Group bear interest rate ranging from Term Reference ("TR") rate plus margin of 1.2% (2022: TR rate plus margin of 1.2%) are secured by the following:

- Corporate guarantee by the Company and a subsidiary's Director related company;
- Fixed deposit of RM500,000 (Note 16); and
- 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% (2022: 2%) is secured by the following:

- First party open legal charge over the freehold land and building as disclosed in Note 7(b);
- Assignment of Mortgage Reducing Term Takaful; and
- Individual guarantee by a subsidiary's Director.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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21. BORROWINGS

(d) The Group's bank overdraft is secured by fixed deposit of RM500,000 (Note 16).

22. TRADE PAYABLES

The normal trade credit terms granted to the Group are ranging from cash in advance to 30 days (2022: cash in advance to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

23. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Vendor financing liabilities (Note a)	-	10,446,818	-	-
Current				
Other payables	16,645,445	14,632,957	5,604,422	5,650,715
Accruals	77,361,947	37,095,661	811,213	664,345
Amounts due to Directors	3,464,573	2,337,255	100,000	81,142
Vendor financing liabilities (Note a)	10,902,527	13,147,585	-	-
	<u>108,374,492</u>	<u>67,213,458</u>	<u>6,515,635</u>	<u>6,396,202</u>
	<u>108,374,492</u>	<u>77,660,276</u>	<u>6,515,635</u>	<u>6,396,202</u>

Included in the other payables of the Group and of the Company is an amount of RM2,942,060 (2022: RM3,124,300) being share of expenses for the associate's aborted proposed IPO at the GEM Board of HKEX as disclosed in Note 9.

Included in other payables of the Group are the following:

- an amount of Nil (2022: RM324,670) which relates to payment on behalf by related parties of which certain Directors of a subsidiary have substantial financial interests; and
- an amount of RM2,520,000 (2022: RM2,438,571) being contingent consideration payable to the Vendor upon satisfaction of Profit Guarantee terms for the acquisition of SML as disclosed in Note 8.

Included in accruals of the Group are the following:

- an amount of RM10,752,371 (2022: Nil) being accrued listing expenses for the Group's proposed spin-off of its oil bunkering and shipping-related services segment on the NASDAQ stock exchange as disclosed in Notes 31 and 32;
- an amount of RM56,516,170 (2022: RM29,242,792) which relates to accrued purchases of cargo oil of which suppliers' invoices were yet to be received as at the reporting date; and
- an amount of RM2,289,284 (2022: Nil) being outstanding monthly vendor financing instalments as at the reporting date which were fully settled subsequent to financial year end.

NOTES TO THE FINANCIAL STATEMENTS

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*cont'd***23. OTHER PAYABLES (cont'd)****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:

- (i) 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;
- (ii) 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
- (iii) 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:

- (i) 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;
- (ii) 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
- (iii) 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.

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 2022 and 8 November 2022;
- (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.

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23. OTHER PAYABLES (cont'd)

Note a (cont'd)

Group	SMF	SMF	SMF	Total
2023	Begonia	Ixora	Beluga	RM
	Ltd	Ltd	Ltd	
	RM	RM	RM	RM
Minimum payments:				
Within 1 year	5,314,540	2,674,862	3,115,420	11,104,822
Less: Future finance charges	(31,545)	(85,621)	(85,129)	(202,295)
Present value of vendor financing payables	<u>5,282,995</u>	<u>2,589,241</u>	<u>3,030,291</u>	<u>10,902,527</u>
Present value of vendor financing payables	5,282,995	2,589,241	3,030,291	10,902,527
Within 1 year				
Representing by:	5,282,995	2,589,241	3,030,291	10,902,527
Current liability				

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23. OTHER PAYABLES (cont'd)

Note a (cont'd)

Group (cont'd)
2022

Minimum payments:

Within 1 year
More than 1 year and less than 2 years
Less: Future finance charges
Present value of vendor financing payables

	SMF Begonia Ltd RM	SMF Ixora Ltd RM	SMF Eden Maritime Ltd RM	SMF Beluga Ltd RM	Total RM
	3,160,800	3,704,984	3,512,000	3,687,600	14,065,384
	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
	(246,128)	(421,155)	(69,132)	(375,226)	(1,111,641)
	<u>8,007,074</u>	<u>5,846,887</u>	<u>3,442,868</u>	<u>6,297,574</u>	<u>23,594,403</u>

Present value of vendor financing payables

Within 1 year
More than 1 year and less than 2 years

	2,944,898	3,365,874	3,442,868	3,393,945	13,147,585
	5,062,176	2,481,013	-	2,903,629	10,446,818
	<u>8,007,074</u>	<u>5,846,887</u>	<u>3,442,868</u>	<u>6,297,574</u>	<u>23,594,403</u>

Representing by:

Current liability
Non-current liability

	2,944,898	3,365,874	3,442,868	3,393,945	13,147,585
	5,062,176	2,481,013	-	2,903,629	10,446,818
	<u>8,007,074</u>	<u>5,846,887</u>	<u>3,442,868</u>	<u>6,297,574</u>	<u>23,594,403</u>

The effective interest rates per annum on the above vendor financing arrangements are ranging from 5.24% to 7.93% (2022: 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 21(a).

NOTES TO THE FINANCIAL STATEMENTS

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24. DIVIDEND

Group and Company	Group and Company	
	2023 RM	2022 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

25. 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

	2023 RM	2022 RM
Group		
Transactions with related parties		
Sales	(4,763,813)	(5,939,232)
Purchases	1,045,052	366,915
Short term lease or low value assets:		
- equipment	1,620,568	1,842,018
- office	60,000	60,000
Consultancy fee paid/payable	-	177,793
Payment on behalf	(6,642)	462,205
Repayment from	2,329,259	-
Advances from	-	2,442,687
	<u>-</u>	<u>2,442,687</u>
Directors		
Reimbursable legal fees	2,738,739	4,029,511
Advances from	1,127,318	192,632
	<u>1,127,318</u>	<u>192,632</u>

NOTES TO THE FINANCIAL STATEMENTS

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*cont'd***25. RELATED PARTY DISCLOSURES (cont'd)**

(b) Related party transactions (cont'd)

	2023	2022
	RM	RM
Director		
Advance from	<u>18,858</u>	<u>81,142</u>
Transactions with subsidiaries		
Capital contribution	-	(2,093,183)
Reclassification of share application monies	(7,705,000)	-
Accretion of interest income:		
- Amount due from subsidiary	(75,673)	(71,228)
Interest expense	146,249	-
Interest income	(151,247)	-
Management fees received/receivable	30,000	1,155,000
Transfer of:		
- lease liabilities	-	56,260
- property, plant and equipment	-	(370,948)
Advances to	(11,411,759)	(2,780,050)
Advances from	<u>5,829,895</u>	<u>5,252,673</u>

Information regarding outstanding balances arising from related party transaction as at reporting date are disclosed in Notes 13, 14, and 23 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 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 4(a).

26. 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.

NOTES TO THE FINANCIAL STATEMENTS

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26. OPERATING SEGMENTS (cont'd)

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 refueling 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 • <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.

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26. OPERATING SEGMENTS (cont'd)

2023	Note	Investment	Oil bunkering	Port	STS	Tele-	Others	Total	Adjustments &	Group
		and holding management services RM	and shipping related services RM	management and facility management services RM	operations RM	communication and networking RM	RM	RM	RM	Eliminations RM
Profit or loss										
Revenue from external customers	(a)	-	2,886,116,242	13,090,402	4,861,105	7,236,839	-	2,917,299,032	-	2,917,299,032
Inter-segment revenue		2,874,000	884,616	-	96,625	-	-	3,855,241	(3,855,241)	-
Total revenue		2,874,000	2,887,000,858	13,090,402	4,957,730	7,236,839	-	2,921,154,273	(3,855,241)	2,917,299,032
Results										
Interest income		166,433	203,218	13,596	-	1,109	-	384,597	(297,497)	87,100
Interest expense		(237,023)	(10,060,417)	(383,289)	(416,182)	(227,955)	-	(11,418,821)	297,497	(11,121,324)
Depreciation of property, plant and equipment		(185,870)	(19,819,073)	(3,011,495)	(1,694,449)	(476,773)	(10,872)	(25,834,450)	-	(25,834,450)
Share of results of associates before tax		-	-	-	-	-	-	-	2,113,294	2,113,294
Other non-cash income/(expenses)	(b)	233,289	10,167,423	(829,939)	(2,475,997)	10,220	(359)	4,434,450	16,676,701	21,111,151
Segment profit/(loss) before tax	(c)	4,866,087	18,613,434	(2,583,601)	(5,529,561)	(1,499,991)	(240,365)	9,293,372	(503,325)	8,790,047
Segment assets										
Investments in associates		15,013,149	20,000	-	-	-	-	15,033,149	35,750,101	50,783,250
Additions to non-current assets		146,718	15,620,221	2,041,633	6,727,232	33,354	84,030	24,671,225	(3,808,147)	20,863,078
Segment assets	(d)	154,322,832	562,172,345	11,117,428	17,376,345	13,948,693	853,961	762,880,203	(154,836,327)	608,043,876
Segment liabilities										
	(e)	9,636,016	456,528,268	10,110,820	21,021,143	14,593,735	472,999	524,699,927	(108,489,233)	416,210,694

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26. OPERATING SEGMENTS (cont'd)

2022	Note	Investment and holding management services RM	Oil bunkering and shipping related services RM	Inland transportation services RM	Port management and facility services RM	STS operations RM	Tele-communication and networking RM	Others RM	Total RM	Adjustments & Eliminations RM	Group RM
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	436,388,097	6,621,185	20,083,279	15,657,977	5,573,589	546,606	628,073,861	(145,550,759)	482,523,102
Segment liabilities											
	(e)	8,323,601	336,193,514	9,310,776	10,544,409	16,274,178	4,484,743	91,962	385,223,183	(79,709,224)	305,513,959

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26. 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	
	2023	2022
	RM	RM
Allowance for expected credit losses on trade receivables	12,093	5,325,200
Accretion of interest on:-		
- contingent consideration	81,429	-
- other receivables	(208,372)	-
Fair value adjustment on other receivable	-	643,069
Gain on disposal of property, plant and equipment	(186,447)	-
Gain on dilution of equity interest of associate	(16,517,984)	-
Gain on insurance compensation for property, plant and equipment	-	(3,570)
Impairment loss on property, plant and equipment	5,406,921	-
Written-off of:		
- bad debts	9,662	622,898
- deposits	1,242,886	-
- goodwill	91,457	1,494
- property, plant and equipment	841,785	233,250
Reversal of allowance for expected credit losses on trade receivables	(312,990)	-
Unrealised loss/(gain) on foreign exchange	(11,571,591)	623,501
	<u>(21,111,151)</u>	<u>7,445,842</u>

- (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	
	2023	2022
	RM	RM
Share of results of an associate	2,113,294	6,649,971
Other income	(2,616,619)	(1,323,958)
	<u>(503,325)</u>	<u>5,326,013</u>

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26. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of assets:

	Group	
	2023	2022
	RM	RM
Segment assets	762,880,203	628,073,861
Adjustment on consolidation of subsidiaries	(129,491,928)	(128,807,647)
Investments in associates	35,750,101	16,634,082
Goodwill	47,406,759	46,344,056
Property, plant and equipment	(12,026)	(12,026)
Inter-segment balances	<u>(108,489,233)</u>	<u>(79,709,224)</u>
Total assets	<u>608,043,876</u>	<u>482,523,102</u>

(e) Reconciliation of liabilities:

	Group	
	2023	2022
	RM	RM
Segment liabilities	524,699,927	385,223,183
Inter-segment balances	<u>(108,489,233)</u>	<u>(79,709,224)</u>
Total liabilities	<u>416,210,694</u>	<u>305,513,959</u>

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% (2022: less than 1%) of the Groups' total revenue and therefore, information on geographical segment is not presented.

Major customers

The Group has one major customer in the oil trading and bunkering services segment which contributed to RM2,672,472,148 (2022: RM2,817,210,734) or 92% (2022: 91%) of the Group's total revenue.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
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27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

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.

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 (2022: 4 customers) constituting 79% (2022: 68%) of net trade receivables of the Group.

NOTES TO THE FINANCIAL STATEMENTS

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27. 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

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 (2022: 90 to 210 days) after the lapse of credit term granted by the Group will be considered as credit impaired. The movements in the allowance for impairment in respect of trade receivables during the year is disclosed in Note 12.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date.

Oil bunkering and shipping related services

Group	Gross	Loss	Net
2023	RM	Allowances	RM
		RM	
Not past due	58,927,387	-	58,927,387
Past due:			
1 to 30 days	4,516,237	-	4,516,237
31 to 60 days	421,436	-	421,436
61 to 90 days	313,063	-	313,063
	<u>64,178,123</u>	<u>-</u>	<u>64,178,123</u>
Credit impaired			
Individually impaired	48,339,430	(6,327,117)	42,012,313
	<u>112,517,553</u>	<u>(6,327,117)</u>	<u>106,190,436</u>
2022			
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
	<u>31,190,615</u>	<u>-</u>	<u>31,190,615</u>
Credit impaired			
Individually impaired	8,876,142	(6,315,024)	2,561,118
	<u>40,066,757</u>	<u>(6,315,024)</u>	<u>33,751,733</u>

NOTES TO THE FINANCIAL STATEMENTS

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27. 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 (cont'd)

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 90 days (2022: 30 to 90 days) past due after lapsed of credit term granted. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

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 (2022: 30 to 90 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.

In prior financial year, certain trade debtors of the Group with gross amount of 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 in prior financial year 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

Group 2023	Gross RM	Loss Allowances RM	Net RM
Not past due	2,623,159	-	2,623,159
Past due:			
1 to 30 days	744,150	-	744,150
31 to 60 days	428,900	-	428,900
61 to 90 days	28,187	-	28,187
91 to 180 days	9,500	-	9,500
	<u>3,833,896</u>	-	<u>3,833,896</u>
Credit impaired			
Individually impaired	<u>562,280</u>	<u>(358,334)</u>	<u>203,946</u>
	<u>4,396,176</u>	<u>(358,334)</u>	<u>4,037,842</u>

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27. 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 (cont'd)

Group (cont'd)	Gross RM	Loss	Net RM
		Allowances RM	
2022			
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
61 to 90 days	-	-	-
More than 90 days	59,810	-	59,810
	<u>4,361,097</u>	<u>-</u>	<u>4,361,097</u>
Credit impaired			
Individually impaired	757,134	(671,324)	85,810
	<u>5,118,231</u>	<u>(671,324)</u>	<u>4,446,907</u>

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 (2022: 30 to 180 days) past due after lapsed of credit term granted. The Group does not hold any collateral or other credit enhancement over these balances.

Credit impaired

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 (2022: 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

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.

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27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Recognition and measurement of impairment loss (cont'd)

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.

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 abilities of the subsidiaries to repay the loans and advances on an individual basis.

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 RM111,540,424 (2022: RM112,380,317) 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.

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27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Financial guarantee (cont'd)

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 (Note 21) 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.

(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	
	2023	2022
	RM	RM
Floating rate instruments		
Term loans	10,736,036	8,866,253
Mortgage loan	1,149,325	1,190,644
Bank overdraft	432,533	538,664
Tawarruq Working Capital Financing-i	110,997,723	111,380,317
	<u>123,315,617</u>	<u>121,975,878</u>

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27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate instruments				
Lease liabilities	7,458,176	9,811,645	-	37,725
Vendor financing liabilities	10,902,527	23,594,403	-	-
	<u>18,360,703</u>	<u>33,406,048</u>	<u>-</u>	<u>37,725</u>

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 date, with all other variables held constant:

Group	(Decrease)/increase in profit net of tax/equity	
	2022 RM	2021 RM
Effect on profit net of tax/equity		
Increase of 100 basis points	(937,199)	(927,017)
Decrease of 100 basis points	<u>937,199</u>	<u>927,017</u>

(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.

As at 31 December 2023, the Group reported net current liabilities of RM76,251,475 (2022: RM60,148,561). Nevertheless, the Directors of the Company believe that the Group is able to meet all of its financial obligations as and when they fall due in the foreseeable future. In reaching such conclusion, the Directors have carried out detailed assessment of the Group's financial position, forecast and plans up to the date of approval of these financial statements.

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27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Based on the assessment carried out, the Group's net current liabilities position is mainly attributable to usage of short term financing facilities to facilitate acquisition of the Group's property, plant and equipment. In the assessment of the Group's liquidity and financial position, the Directors evaluated and considered the following:-

- Based on the assessment of the high utilisation rate of the Group's Tawarruq working capital financing facility and the good payment track record to its suppliers, the Directors foresee that the Tawarruq working capital financing facility amounting to approximately RM111.0 million (2022: RM111.4 million) as at 31 December 2023 and the existing suppliers purchasing limit of RM143 million (2022: RM94 million) with the credit terms of 15 to 30 days will be rolled over and continued to be made available respectively for the next 12 months from the reporting date.
- The Group's cash flows forecast for the next 12 months takes into account the expected revenue growth rates, market fuel oil prices, customer collection trend and continue availability of credit facilities from suppliers and financial institutions. The Group expects to be able to generate sufficient internal cash flows from operations for the next 12 months from the reporting date to meet its operational and financing needs as and when they fall due.
- As at 31 December 2023, the Group has undrawn new working capital financing facilities amounting to RM155 million (2022: RM9 million) to support any potential cash shortfall and subsequent to financial year end obtained an additional RM130 million working capital financing facility to ensure that the Group has financial flexibility to support its operational needs.

Based on assessment above, the Directors of the Company are of the view that the liquidity position of the Group is manageable and they do not foresee any significant liquidity risk or material uncertainty exist that may cast significant doubt about the Group's ability to meet its financial obligations for at least twelve months from the reporting date.

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31 December 2023
cont'd

27. 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 RM	Total Contractual cash flows RM	<-----Contractual cash flows----->				
			On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	
Group							
2023							
Trade payables	176,279,237	176,279,237	176,279,237	-	-	-	-
Other payables	108,374,492	108,576,787	108,576,787	-	-	-	-
Lease liabilities	7,458,176	7,892,250	3,618,681	3,124,407	1,057,356	91,806	
Borrowings							
- Tawarruq Working Capital	110,997,723	120,155,035	120,155,035	-	-	-	-
Financing-i	10,736,036	12,996,449	3,909,218	3,830,986	3,060,464	2,195,781	
- Term loans	1,149,325	1,826,265	89,268	89,268	267,804	1,379,925	
- Mortgage loan	432,533	432,533	432,533	-	-	-	-
- Bank overdraft							
	<u>415,427,522</u>	<u>428,158,556</u>	<u>413,060,759</u>	<u>7,044,661</u>	<u>4,385,624</u>	<u>3,667,512</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

27. 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):

Group (cont'd) 2022	Carrying amount RM	Total Contractual cash flows RM	Total On demand or within 1 year RM	Contractual cash flows----->		
				On demand 1 to 2 years RM	2 to 5 years RM	More than 5 years RM
Trade payables	93,350,953	93,350,953	93,350,953	-	-	-
Other payables	77,660,276	78,771,917	68,131,257	10,640,660	-	-
Lease liabilities	9,811,645	10,514,701	3,869,568	4,436,507	2,208,626	-
Borrowings						
- Tawarruq Working Capital	111,380,317	120,290,742	120,290,742	-	-	-
Financing-i						
- 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	-	-	-
	<u>302,798,752</u>	<u>315,801,048</u>	<u>288,397,804</u>	<u>17,293,787</u>	<u>6,395,797</u>	<u>3,713,660</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

27. 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 RM	Total Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM
			<----Contractual cash flows---->	
Company				
2023				
Other payables	6,515,635	6,515,635	6,515,635	-
Amounts due to subsidiaries	31,929,705	31,929,705	31,929,705	-
Financial guarantees*	-	111,540,424	111,540,424	-
	<u>38,445,340</u>	<u>149,985,764</u>	<u>149,985,764</u>	<u>-</u>
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	-
	<u>32,357,488</u>	<u>144,738,375</u>	<u>144,738,375</u>	<u>-</u>

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(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 Pound Sterling ("GBP"), United States Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

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:

	GBP RM	USD RM	SGD RM	HKD RM
Group				
2023				
Cash at banks	-	10,104,169	-	-
Trade receivables	-	91,023,095	1,250,941	-
Trade payables	-	(15,927,335)	-	-
Other payables	(66,100)	(798,341)	(72,900)	-
	(66,100)	84,401,588	1,178,041	-
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)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) 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:

	USD RM
Company	
2023	
Amounts due from subsidiaries	7,851,426
Cash at banks	2,622
Other payables	<u>(2,942,060)</u>
	<u>4,911,988</u>
2022	
Amounts due from subsidiaries	2,864,639
Cash at banks	2,512
Other payables	<u>(3,124,300)</u>
	<u>(257,149)</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/(loss) after tax and equity by the amounts shown below:

Group	(Decrease)/increase in Profit net of tax/equity	
	2023 RM	2022 RM
Effect on profit net of tax/equity		
RM/HKD - Strengthened by 10% (2022: 10%)	-	19,134
- Weakened by 10% (2022: 10%)	-	(19,134)
RM/GBP - Strengthened by 10% (2022: 10%)	5,024	20,309
- Weakened by 10% (2022: 10%)	(5,024)	(20,309)
RM/USD - Strengthened by 10% (2022: 10%)	(6,414,521)	(13,100,126)
- Weakened by 10% (2022: 10%)	6,414,521	13,100,126
RM/SGD - Strengthened by 10% (2022: 10%)	(89,531)	(58,996)
- Weakened by 10% (2022: 10%)	<u>89,531</u>	<u>58,996</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

27. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(v) Foreign currency risk (cont'd)

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/(loss) after tax and equity by the amounts shown below:
(cont'd)

	(Decrease)/Increase in Profit/(Loss) net of tax	
	RM 2023	RM 2022
Company		
Effect on profit/(loss) net of tax		
RM/USD - Strengthened by 10% (2022: 10%)	(373,311)	(19,543)
- Weakened by 10% (2022: 10%)	373,311	19,543
	373,311	19,543
Effect on equity		
RM/USD - Strengthened by 10% (2022: 10%)	373,311	19,543
- Weakened by 10% (2022: 10%)	(373,311)	(19,543)
	(373,311)	(19,543)

28. 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.

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

29. CAPITAL MANAGEMENT (cont'd)

The net debts-to-equity ratios at end of the reporting date were:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Lease liabilities (Note 20)	7,458,176	9,811,645	-	37,725
Borrowings (Note 21)	123,315,617	121,975,878	-	-
	<u>130,773,793</u>	<u>131,787,523</u>	<u>-</u>	<u>37,725</u>
Less: Fixed deposits with licensed banks	(1,139,041)	(4,511,326)	11,326	4,011,326
Less: Cash and bank balances	<u>(27,353,308)</u>	<u>(56,316,729)</u>	<u>(5,191)</u>	<u>(1,150,757)</u>
Net debts/(cash)	<u>102,281,444</u>	<u>70,959,468</u>	<u>6,135</u>	<u>2,898,294</u>
Total equity attributable to Owners of the Company	<u>177,603,595</u>	<u>159,670,723</u>	<u>137,180,916</u>	<u>133,882,903</u>
Debts-to-equity ratio	<u>57.59%</u>	<u>44.44%</u>	<u>NA</u>	<u>2.16%</u>

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 21(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.

30. CAPITAL COMMITMENT AND GUARANTEE

	Group	
	2023 RM	2022 RM
Capital commitment		
Approved and contracted for:		
Office renovation	-	212,810
Acquisition of vessels	-	16,068,860
	<u>15,590,150</u>	<u>2,319,515</u>
Approved but not contracted for:		
Dry-docking expenditures		
	<u>15,590,150</u>	<u>2,319,515</u>
Guarantee		
Bank guarantee given to third party suppliers for the supply of goods and services on credit terms		
- secured	551,000	554,000
- unsecured	9,000,000	9,000,000
	<u>9,551,000</u>	<u>9,554,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

31. SIGNIFICANT EVENTS

The significant events during the financial year are as follows:

- (i) On 3 March 2023, the Company through its 75%-owned subsidiary, STS had completed the acquisition of a 70% equity interest in SI for a purchase consideration of RM700,000 that was fully satisfied via cash.
- (ii) CBLIL being an associate company of Straits, upon obtaining its listing approval by United States Securities And Exchange Commission ("SEC"), was listed on the Nasdaq Capital Market ("NASDAQ") 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.
- (iii) On 15 April 2023, Vic 3, an indirect wholly-owned subsidiary of the Company, was transferred to Victoria due to the Group's internal reorganisation exercise.
- (iv) On 19 April 2023, the Company through its 75%-owned subsidiary, STS, acquired 60,002 ordinary shares in SUN, representing 60% equity interest in SUN, for a purchase consideration of RM60,002 fully satisfied via cash.
- (v) On 22 June 2023, TMD subscribed 20,000 ordinary shares in Horizon Shipyard Inter Globe (M) Sdn. Bhd. for a cash consideration of RM20,000.
- (vi) On 21 November 2023, the Company acquired 100 ordinary shares in TMDel, representing 100% equity interest in TMDel, a dormant company incorporated in the Cayman Islands for a total cash consideration of USD0.01 (equivalent to RM0.05) from the subscriber shareholder, Ogier Global Subscriber (Cayman) Limited.
- (vii) On 30 November 2023, the Company entered into a conditional shares sale and purchase agreement with TMD for the proposed acquisition of 330,000 SMF shares, representing 33% of the equity interest in SMF for a purchase consideration of RM3,663,619 to be satisfied entirely via cash. The transaction was completed on 1 December 2023 and consequently SMF became a wholly-owned subsidiary of the Company.
- (viii) On 13 December 2023, the Company entered into a shares sale and purchase agreement with TMDel for the proposed transfer of 1,000,000 ordinary shares in SMF, representing 100% of the equity interest in SMF to TMDel for a purchase consideration of RM11,101,874 (*equivalent to USD2,381,841*) to be satisfied entirely via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. The transaction was completed on 14 December 2023 and SMF became a wholly-owned subsidiary of TMDel.

The events of (vi) to (viii) above are pertaining to the Group's proposed spin-off of its oil bunkering and shipping-related services segment on the NASDAQ stock exchange.

32. SUBSEQUENT EVENTS

- (i) On 28 December 2023, the Company entered into a conditional shares sale and purchase agreement with TMDel for the proposed transfer of 10 ordinary shares in TMD Straits, representing 100% of the equity interest in TMD Straits for a purchase consideration of RM2,489,812 (*equivalent to USD534,168*) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. This transaction was completed on 10 January 2024.
- (ii) On 28 December 2023, the Company entered into a conditional shares sale and purchase agreement with TMDel for the proposed transfer of 10 ordinary shares in TMD Sturgeon, representing 100% of the equity interest in TMD Sturgeon for a purchase consideration of RM3,168,423 (*equivalent to USD679,759*) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. This transaction was completed on 10 January 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
cont'd

32. SUBSEQUENT EVENTS (cont'd)

- (iii) On 28 December 2023, SMF entered into a conditional shares sale and purchase agreement with the Company and TMDel for the proposed transfer of 51,000 ordinary shares in SMS, representing 51% of the equity interest in SMS for a purchase consideration of RM3,460,612 (*equivalent to USD742,445*) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. The transaction was completed on 24 January 2024.
- (iv) On 28 December 2023, SMF entered into a conditional shares sale and purchase agreement with the Company and TMDel for the proposed transfer of 10,500,000 ordinary shares in TMD, representing 70% of the equity interest in TMD for a purchase consideration of RM22,682,307 (*equivalent to USD4,866,299*) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. The transaction was completed on 24 January 2024.
- (v) On 3 January 2024, TMD acquired 300 ordinary shares in TMD Marine Fuels Sdn Bhd ("TMDF"), representing 30% equity interest in TMDF for cash consideration of RM300.
- (vi) On 7 February 2024, the Company's indirect wholly-owned subsidiary, SMF entered into a conditional shares sale and purchase agreement with Dato' Mohd Suhaimi bin Hashim and Mr. Goo Yong Sing for the proposed acquisition of 4,500,000 TMD Shares, representing remaining 30% of the equity interest in TMD for a purchase consideration of RM9,720,989 (*equivalent to USD2,085,557*) to be satisfied entirely via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date.
- (vii) On 7 February 2024, the Company's indirect wholly-owned subsidiary, SMF entered into a conditional shares sale agreement with Platinum Gate Capital Pte Ltd for the proposed acquisition of 49,000 SMS Shares, representing 49% of the equity interest in SMS for a purchase consideration of RM3,324,902 (*equivalent to USD713,330*) to be satisfied entirely via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date.
- (viii) On 23 February 2024, TMD further subscribed 149,700 new ordinary shares in TMDF for cash consideration of RM149,700. TMD's holding in TMDF remained 30% after subscription of new shares.

The events of (i) to (iv) and (vi) to (vii) above is pertaining to the Group's proposed spin-off of its oil bunkering and shipping-related services segment on the NASDAQ stock exchange.

33. MATERIAL LITIGATION / ARBITRATION

Arbitration Proceeding 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 Tumpuan Megah Development Sdn Bhd ("TMD" or "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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

cont'd

33. MATERIAL LITIGATION / ARBITRATION (cont'd)

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.

Arbitration Proceeding 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 Tumpuan Megah Development Sdn Bhd ("TMD" or "Respondent")(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 was 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 was 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.

Subsequently, Case Management Conferences and hearings of the Appeal were held on 3 July 2023 and 13 July 2023 respectively.

Pursuant to an appeal for a trial on 20 November 2023 to determine the four (4) issues between TMD and ING Bank/OWB in aid of TMD's application to set aside the registration of the UK Judgement in Malaysia ("Application for Trial"); the Court of Appeal had decided to allow the appeal on the following brief grounds:-

- Recognised the availability of the passive remedy to TMD to raise the issue of the UK Tribunal's lack of jurisdiction for the first time at the enforcing court outside the UK. It was further held that the issue of jurisdiction should be decided by the High Court independently from the UK Tribunal's finding.
- The Court of Appeal also found that the High Court judge proceeded to decide on the merits of ING Bank/OWB's application to register UK Judgment in Malaysia. As such, it was ordered that the matter will be remitted to the High Court before a different High Court Judge.
- Cost in the sum of RM 15,000.00 (subject to 4% allocatur) was awarded to TMD.

The matter will now proceed for trial at the High Court within the parameters of the 4 issues of the Application for Trial. However, the Claimants had filed a Motion for Leave to Appeal at the Federal Court and in the case management held on 5 February 2024, the Federal Court had given directions for written submissions and documents by 15 May 2024 for case management on 16 May 2024 and a hearing had been fixed on 30 May 2024.

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. Total reimbursable legal fees due from the Vendor is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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34. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with the current year's presentation.

	As previously reported RM	As reclassified RM
Group		
Statement of financial position		
Current assets		
Other receivables	156,063,857	74,681,753
Non-current liability		
Deferred tax liabilities	193,257	599,257
Current liabilities		
Other payables	148,595,562	67,213,458
Tax payable	<u>2,464,607</u>	<u>2,058,607</u>

LIST OF PROPERTIES OWNED BY STRAITS GROUP

as at 31 December 2023

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 as at 31 December 2023 (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	20	2,110	3,608,797
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	15	Land Area 2,228 Built-up 4,839	1,384,333

ANALYSIS OF SHAREHOLDINGS

as at 29 March 2024

Total Issued and Paid-up Share Capital : RM152,495,516.34 comprising 994,462,273 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One (1) vote per Ordinary Share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	450	7.32	3,732	0.00
100 – 1,000	699	11.37	253,899	0.03
1,001 – 10,000	1,573	25.58	10,874,892	1.09
10,001 – 100,000	2,609	42.44	109,791,087	11.04
100,001 – 49,723,112 (*)	814	13.24	680,436,163	68.42
49,723,113 and above (**)	3	0.05	193,102,500	19.42
Total	6,148	100.00	994,462,273	100.00

Remark : * - Less than 5% of issued shares
 ** - 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Name of Substantial Shareholders	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Sri Ho Kam Choy	93,591,000	9.41	64,216,700	6.46
2.	Rithauddin Hussein Jamalattiff Bin Jamaluddin	79,337,200	7.98	-	-
3.	Ang Tun Young	65,977,300	6.63	-	-
4.	Sturgeon Asia Ltd	62,929,800	6.33	-	-

ANALYSIS OF SHAREHOLDINGS

as at 29 March 2024

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	9.41	64,216,700	6.46
3.	Captain Tony Tan Han (Chen Han)	36,790,438	3.70	-	-
4.	Leong Fook Heng	-	-	-	-
5.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
6.	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 capital of Sturgeon Asia Ltd and therefore he is deemed to have interest in the Company and an indirect 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	7.08
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd (Third Party)	62,929,800	6.33
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalattiff Bin Jamaluddin	59,761,600	6.01
4.	Tony Tan Han (Chen Han)	36,790,438	3.70
5.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young	32,500,000	3.27
6.	Yap Poh Onn	26,880,600	2.70
7.	Kher Wai Har	24,466,200	2.46

ANALYSIS OF SHAREHOLDINGS

as at 29 March 2024
cont'd

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares	%
8.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Kam Choy (Mgnm81402)	23,179,900	2.33
9.	Ang Tun Young	22,477,300	2.26
10.	Rithauddin Hussein Jamalattiff Bin Jamaluddin	19,575,600	1.97
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Yoong Kah Yin (PB)	16,260,000	1.64
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young (Third Party)	11,000,000	1.11
13.	Kwan Sok Kay	10,910,000	1.10
14.	Chia Bee Chin	9,825,100	0.99
15.	Desmond Teng Tu Liang	9,421,478	0.95
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek (E-Tai/KKR)	7,612,000	0.77
17.	Dharminder Singh A/L Amar Singh	7,552,200	0.76
18.	Yeo An Thai	7,500,000	0.75
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For BJS Offshore Sdn Bhd	6,400,000	0.64
20.	Yong Chean Peng	5,282,000	0.53
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Chiong Kui (851902)	5,000,000	0.50
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Chean Peng (7005057)	4,850,000	0.49
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Wai Foong (PB)	4,550,000	0.46
24.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	4,234,700	0.43
25.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Ker-Wei (7000881)	4,200,000	0.42
26.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kim Yu (MY3995)	4,100,000	0.41
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Loy Huat (7000875)	4,080,000	0.41
28.	Kong Food Kim	4,000,000	0.40
29.	Tan Boon Peng	3,800,000	0.38
30.	Lim Kim Suan	3,797,147	0.38

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (“27th”) 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 **Tuesday, 25 June 2024 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 2023 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 Tan Sri Mohd Bakri Bin Mohd Zinin **Ordinary Resolution 1**
 - 2.2 Captain Tony Tan Han (Chen Han) **Ordinary Resolution 2**
 - 2.3 Harison Binti Yusoff **Ordinary Resolution 3**
3. To approve the payment of Directors’ Fee up to an amount of RM534,000 for the period from 1 July 2024 until 30 June 2025. **Ordinary Resolution 4**
4. 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 2024 until 30 June 2025. **Ordinary Resolution 5**
5. To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“THE ACT”)** **Ordinary Resolution 7**

“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.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

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."

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

Ordinary Resolution 8

"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 30 April 2024 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
- 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."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

8. 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

30 April 2024

NOTES

1. Mode of Meeting

The 27th AGM of the Company will be conducted on fully virtual basis 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 steps and procedures provided in the Administrative Guide to Shareholders for the 27th AGM in order to register, participate and vote remotely via the RPV platform.

2. Voting

All resolutions in the Notice of the 27th AGM are to be conducted by poll voting as per Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities via the RPV Platform.

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.

3. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the 27th AGM in accordance with Rule 18.7(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 14 June 2024.

Only a depositor whose name appears on the **Record of Depositors as at 14 June 2024** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.

4. Proxy(ies)

- (i) 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.
- (ii) 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.
- (iii) 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

- (iv) Any alterations in the Proxy Form must be initialed by the member.
- (v) An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his/her attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
- (vi) The instrument appointing a proxy must be deposited at the Share Registrar's 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 the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur **not less than 48 hours** before the time holding the AGM i.e. **no later than 23 June 2024 at 10.00 a.m.** or at any adjournment thereof.

Alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> **not less than 48 hours** before the time holding the AGM i.e. **no later than 23 June 2024 at 10.00 a.m.** or at any adjournment thereof.

- (vii) A member who has appointed proxy(ies) or attorney or authorised representative to attend, participate and vote at the AGM via RPV facilities must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the 27th AGM for the electronic lodgement of proxy form.

5. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 27th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

6. Publication of Notice of 27th AGM 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 on the corporate website of the Company at <https://www.straits-energyresources.com>.

7. Personal Data Privacy

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 27th 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 Companies Act 2016 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 – Ordinary Resolutions 1, 2 and 3

Re-election of Directors

Pursuant to Clause 21.6 of the Company's Constitution, Tan Sri Mohd Bakri Bin Mohd Zinin, Captain Tony Tan Han (Chen Han) and Harison Binti Yusoff are to retire at the 27th AGM of the Company, and being eligible, have offered themselves for re-election.

The Board of Directors through its Nomination & Remuneration Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the ACE Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are set out in the Board of Directors' Profile section of the Annual Report 2023.

Agenda 3 and 4 – Ordinary Resolutions 4 and 5

Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016, provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 27th AGM on the Directors' fees and benefits in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 1 July 2024 until 30 June 2025 will only be made if the Ordinary Resolution 4 is approved at the 27th AGM of the Company.

In determining the estimated total amount of Directors' Benefits, the Board has considered various factors which include amongst others, the number of scheduled and special Board meetings, scheduled and special Board Committees meetings as well as the number of Non-Executive Directors (**NEDs**) involved in these meetings.

Under Ordinary Resolution 5, the benefits payable to the NEDs have been reviewed by the Nomination & Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable to NEDs is in the best interest of the Company. The benefits concerned comprising the meeting allowances and other benefits payable in favour of the NEDs.

The Ordinary Resolution 5, if passed, will give authority to the Company to pay the NEDs' benefits on a quarterly/monthly basis and/or as and when incurred. The Board opined that it is just and equitable for such payment to be made, since the Non-Executive Chairman and the NEDs have discharged their responsibilities and rendered their services to the Company throughout the period.

Agenda 5 – Ordinary Resolution 6

Re-appointment of Auditors

The Audit Committee ("**AC**") at its meeting held on 22 April 2024 undertook an assessment of the suitability and independence of the external auditors, Messrs. Moore Stephens Associates PLT.

The AC was satisfied with the suitability of Messrs. Moore Stephens Associates PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Company and its subsidiaries ("**Group**"). The AC was also satisfied in its review that the provisions of non-audit services by Messrs. Stephens Associates PLT to the Company did not in any way impair their objectivity and independence as external auditors of the Company.

The Board at its meeting held on 22 April 2024 approved the AC's recommendation for the shareholders' approval to be sought at the 27th AGM on the re-appointment of Messrs. Moore Stephens Associates PLT as external auditors of the Company for the ensuing year under Ordinary Resolution 6 in accordance with Section 273(b) of the Companies Act 2016.

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 6 – Ordinary Resolution 7

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights

The proposed Ordinary Resolution 7 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at 22 April 2024, pursuant to the general mandate sought at the last AGM held on 15 June 2023, the Company has issued the following new ordinary shares pursuant to the said mandate:-

Number of Ordinary Shares	Per Share (RM)
52,319,478	0.11

Details of the total proceeds raised from the private placement and its utilisation are disclosed under the Additional Compliance Information section of the Annual Report 2023.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 16.5 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Companies Act 2016 provides as follows:

“Pre-emptive rights to new shares

85. (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Clause 16.5 of the Constitution of the Company provides as follows:

“Offer of new shares to existing Members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from the Company of general meetings, in proportion, as nearly as circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may, subject to this Constitution, dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities), cannot, in the opinion of the Directors, be conveniently, offered under this Constitution.”

The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Agenda 7– Ordinary Resolution 8

Proposed Renewal of Shareholders' Mandate

The Proposed Ordinary Resolution 8 under Agenda 7, if passed, will enable the Group to continue entering into the specified recurrent related party transactions as set out in the Circular to Shareholders dated 30 April 2024 with the specified classes of the related parties mentioned therein which are necessary for the Group's day-to-day operations.

For further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 30 April 2024 enclosed together with the Company's 2023 Annual Report which is also 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-Seventh Annual General Meeting of the Company.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Seventh (27th) Annual General Meeting (“AGM”)



**STRAITS ENERGY
RESOURCES BERHAD**

STRAITS ENERGY RESOURCES BERHAD

Registration No.: 199601040053 (412406-T)
(Incorporated in Malaysia)

- Meeting Day & Date** : **Tuesday, 25 June 2024**
- Time** : **10.00 a.m.**
- Online Meeting Platform** : **Fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (“RPV”) facilities at <https://tiih.online> (TIIH Online website) provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) in Malaysia**

1. FULLY VIRTUAL 27th AGM

Straits Energy Resources Berhad (“**Straits**” or the “**Company**”) will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the forthcoming AGM on fully virtual basis via Online Meeting Platform. The fully virtual AGM would facilitate greater shareholders’ participation as it facilitates electronic voting and remote shareholders’ participation.

Hence, the 27th AGM of the Company will be conducted on a fully virtual basis through live streaming and Online Meeting Platform at TIIH Online provided by Tricor in Malaysia via RPV facilities.

2. SHAREHOLDERS ENTITLED TO ATTEND THE VIRTUAL AGM

Only shareholders whose names appear on the **Record of Depositors on 14 June 2024** shall be eligible to participate and vote in the virtual AGM or appoint proxy(ies) to participate and vote on his/her behalf.

3. REGISTRATION FOR THE VIRTUAL 27th AGM

Shareholders who wish to participate in the 27th AGM 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.

4. APPOINTMENT OF PROXY

- i) If a shareholder is unable to participate at the 27th 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.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

27th AGM
cont'd

- ii) A shareholder who has appointed proxy(ies) or attorney or authorised representative to attend, participate and vote at this 27th AGM via RPV facilities must request his/her proxy(ies) or attorney or authorised representative 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.

- iii) Shareholders who appoint Proxy(ies) or attorney or authorised representative to participate via RPV facilities in the 27th 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 Sunday, 23 June 2024 at 10.00 a.m.**

a. 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.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

b. By electronic form

The Proxy Form can be electronically lodged via Tricor’s TIIH Online website at <https://tiih.online>.

Please refer to procedures for “**Electronic Lodgement of Proxy Form**” as set out in this Administrative Guide.

- iv) For a Corporate Shareholder who has appointed a representative, please deposit the Certificate of Appointment 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** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur **OR** alternatively email to is.enquiry@my.tricorglobal.com **not later than Sunday, 23 June 2024 at 10.00 a.m.** to participate via RPV facilities in the 27th AGM.

The Certificate of Appointment should be executed in the following manner:

- a) If the Corporate Shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the constitution of the Corporate Shareholder.
- b) If the Corporate Shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- i) at least two (2) authorised officers, of whom one shall be a director; or
 - ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.

5. 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 27th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 27th AGM. In such an event, you should advise your proxy accordingly.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

27th AGM
cont'd

6. VOTING PROCEDURE

- i) Pursuant to Rule 8.31(A) (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the voting at the 27th AGM will be conducted 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 Independent Scrutineers to verify the results of the poll.
- ii) Shareholders and proxies can proceed to vote on the resolutions at any time from the commencement of the 27th AGM on **Tuesday, 25 June 2024 at 10.00 a.m.** but before the end of the voting session which will be announced by the Chairman of the meeting.

Upon completion of the voting session, the Independent Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

Please refer to "**Procedures for RPV**" for guidance on how to vote remotely via TIIH Online.

7. SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

Shareholders may submit questions in advance on the 27th AGM resolutions and Annual Report 2023 via Tricor's TIIH Online website at <https://tiih.online> by selecting "**e-Services**" to login, pose questions and submit electronically **no later than Sunday, 23 June 2024 at 10.00 a.m.**

Thereafter, on the day of the 27th AGM, 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 27th AGM starting at 9.00 a.m.

The Board will endeavor to respond to Pre-AGM Meeting Questions and questions submitted from 9.00 a.m. on the day of the 27th AGM and throughout the meeting. 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 as soon as practicable.

8. REQUEST FOR PRINTED COPY OF THE ANNUAL REPORT AND/OR CIRCULAR

As part of our dedicated commitment to sustainable practices, kindly download the documents of the Company as stated below, which are made available at <https://www.straits-energyresources.com> and also on the website of Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com> under Company Announcements of STRAITS ENERGY RESOURCES BERHAD:-

- i) Notice of 27th AGM
- ii) Proxy Form
- iii) Annual Report 2023
- iv) Corporate Governance Report 2023
- v) Administrative Guide to Shareholders
- vi) Circular to Shareholders on the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 30 April 2024

Should you need a copy of the printed Annual Report 2023 and/or Circular to Shareholders, kindly forward to us your request 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.

9. NO GIFTS DISTRIBUTION

There will be **no gifts distribution** for shareholders/proxies who participate in the 27th AGM. Straits would like to thank all its shareholders for their kind co-operation and understanding.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

27th AGM
cont'd

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 27th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE 27TH 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 27 th AGM Remotely	<ul style="list-style-type: none"> Registration is open from Tuesday, 30 April 2024 until such time before the voting session ends at the 27th AGM on Tuesday, 25 June 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 27th AGM to ascertain their eligibility to participate the 27th AGM using the RPV facilities. Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) STRAITS 27TH AGM”. 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 14 June 2024, the system will send you an e-mail after 23 June 2024 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

27th AGM

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	Procedure	Action
ON THE DAY OF THE 27TH AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 27th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 27th AGM on Tuesday, 25 June 2024 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) STRAITS 27TH AGM” to engage in the proceedings of the 27th 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 27th 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 Tuesday, 25 June 2024 until a time when the Chairman announces the closure of the voting session of the 27th AGM. Select the corporate event: “(REMOTE VOTING) STRAITS 27TH AGM” 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 27th 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 stream meeting and to vote remotely. Your login to TIIH 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 stream 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

27th AGM
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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 27th AGM - 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

27th AGM
cont'd

	Procedure	Action
ii)	Steps for Corporation or Institutional Shareholders	
(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 27th AGM - 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 27th AGM - 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.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 27th AGM proceedings is allowed without the prior written permission of the Company.

ENQUIRY

Should you require any assistance on the above, kindly contact our Share Registrar at the phone number and email address provided as below:-

Share Registrar - Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]

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

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.

STRAITS ENERGY RESOURCES BERHAD

Registration No. 199601040053 (412406-T)

CDS Account No.

No. of Shares Held

PROXY FORM

*/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-Seventh ("**27th**") 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 **Tuesday, 25 June 2024 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 Tan Sri Mohd Bakri Bin Mohd Zinin as Director of the Company		
Ordinary Resolution 2	To re-elect Captain Tony Tan Han (Chen Han) as Director of the Company		
Ordinary Resolution 3	To re-elect Harison Binti Yusoff as Director of the Company		
Ordinary Resolution 4	To approve the payment of Directors' Fee up to an amount of RM534,000 for the period from 1 July 2024 until 30 June 2025		
Ordinary Resolution 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 2024 until 30 June 2025		
Ordinary Resolution 6	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016		
Ordinary Resolution 8	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 _____ 2024.

Signature/common seal of shareholder

* Delete if not applicable

FOLD THIS FLAP FOR SEALING

NOTES

1. Mode of Meeting

The 27th AGM of the Company will be conducted on fully virtual basis through live streaming and online remote voting using RPV facilities via the online meeting platform at <https://tjih.online> provided by Tricor.

Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the 27th AGM in order to register, participate and vote remotely via the RPV platform.

2. Voting

All resolutions in the Notice of the 27th AGM are to be conducted by poll voting as per Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") via the RPV Platform.

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.

3. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the 27th AGM in accordance with Rule 18.7(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 14 June 2024.

Only a depositor whose name appears on the **Record of Depositors as at 14 June 2024** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.

4. Proxy(ies)

(i) 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.

(ii) 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.

(iii) 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.

(iv) Any alterations in the Proxy Form must be initialed by the member.

(v) An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his/her attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

(vi) The instrument appointing a proxy must be deposited at the Share Registrar's 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 the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur **not less than 48 hours** before the time holding the AGM i.e. **no later than 23 June 2024 at 10.00 a.m.** or at any adjournment thereof.

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

Alternatively, you have the option to lodge the proxy appointment electronically via TIH Online at <https://tjih.online> **not less than 48 hours** before the time holding the AGM i.e. **no later than 23 June 2024 at 10.00 a.m.** or at any adjournment thereof.

(vii) A member who has appointed proxy(ies) or attorney or authorised representative to attend, participate and vote at this AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIH Online website at <https://tjih.online>.

Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the 27th AGM for the electronic lodgement of proxy form.

5. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 27th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

6. Publication of Notice of 27th AGM 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 on the corporate website of the Company at <https://www.straits-energyresources.com>.

7. Personal Data Privacy

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 27th 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.

Empowering The Future

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