STRAITS ENERGY RESOURCES BERHAD

(FORMERLY KNOWN AS STRAITS INTER LOGISTICS BERHAD)

199601040053 (412406-T)

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

ANNUAL REPORT 2021

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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 endeavor and task with the utmost integrity and full accountability.

OUR CORE VALUES

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.

TRANSPARENCY

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

ACCOUNTABILITY

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

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 endeavor we undertake.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.A.M. DATO' SERI TENGKU BAHARUDDIN IBNI AI- MARHUM SULTAN MAHMUD AI-MUKTAFI BILLAH SHAH
Chairman / Non-Independent Non-Executive Director

DATO' SRI HO KAM CHOY
Group Managing Director

CAPTAIN TONY TAN HAN (CHEN HAN)
Executive Director

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

LEONG FOOK HENG
Independent Non-Executive Director

HO FOOK MENG
Independent Non-Executive Director

HARISON BINTI YUSOFF
Non-Independent Non-Executive Director

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

AUDIT COMMITTEE

LEONG FOOK HENG
Chairman
Independent Non-Executive Director

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

HO FOOK MENG
Member
Independent Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

HO FOOK MENG
Chairman
Independent Non-Executive Director

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

LEONG FOOK HENG
Member
Independent Non-Executive Director

BOARD RISK & COMPLIANCE COMMITTEE

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

HO FOOK MENG
Member
Independent Non-Executive Director

LEONG FOOK HENG
Member
Independent Non-Executive Director

COMPANY SECRETARIES

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SSM PC No : 202008002798

Sangar Nallappan
MACS 01413
SSM PC No : 202008002985

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Fax : 607-351 9660

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Fax : 608-7418 118

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Fax : 608-7419 200

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Fax : 608-7429 188

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81000 Kulai, Johor.
Tel : 6011-6935 6330

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609930 Singapore.
Tel : 65-6255 2737

EXTERNAL AUDITORS

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Unit 3.3A, 3rd Floor, Surian Tower,
No: 1, Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya, Selangor.
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Fax : 603-7733 1033

SHARE REGISTRAR

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Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
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59200 Kuala Lumpur.
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

BANKERS

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

WEBSITE & EMAIL

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

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

STOCK NAME

STRAITS
STRAITS-WA

STOCK CODE

0080
0080WA

CORPORATE STRUCTURE

STRAITS ENERGY RESOURCES BERHAD
(FORMERLY KNOWN AS STRAITS INTER LOGISTICS BERHAD)
199601040053 (412406-T)

100%

Quest Technology Sdn. Bhd.
Raya Consumable Sdn. Bhd.
* Quest System & Engineering Sdn. Bhd.
* Quest Equipment & Services Sdn. Bhd.
Straits Bulkers Maritime Sdn. Bhd.

Straits Port Management Sdn. Bhd. ("SPM")
- Fajar Maritime and Logistics Sdn. Bhd. ("FML"): (60% owned by SPM)
  - ■ Victoria STS (Labuan) Sdn. Bhd. : ("Victoria") (70% owned by FML)
    - ➢ Victoria 1 Limited : (100% owned by Victoria)
    - ➢ Victoria 2 Limited : (100% owned by Victoria)
- Megah Port Management Sdn. Bhd.: (51% owned by SPM)

Incorporated in Labuan

TMD Straits Ltd.
TMD Sturgeon Ltd.
Pan Management Services Ltd.

90%

Sinar Maju Logistik Sdn. Bhd. ("SML")
- Sinar Maju Marin Sdn. Bhd : (100% owned by SML)

75%

Straits Technology Solutions Sdn. Bhd. ("STS")
- Straits CommNet Solutions Sdn. Bhd.: (70% owned by STS)

70%

Straits Alliance Transport Sdn. Bhd. ("SAT")
- Straits Alliance Tech Sdn. Bhd.: (100% owned by SAT)

Tumpuan Megah Development Sdn. Bhd. ("TMD")
- Straits Marine Fuels & Energy Sdn. Bhd. ("SMF"): (26% owned by TMD)

Incorporated in Labuan

(100% owned by TMD)
- Cavalla Asia Ltd.
- Dolphin Asia Ltd.
- Escolar Asia Ltd.
- Phoenix Asia Ltd.
- Oscar Asia Ltd.
- S3 Asia Ltd.

67%

Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")

Incorporated in Labuan

(100% owned by SMF)
- SMF Begonia Ltd.
- SMF Ixora Ltd.
- SMF Omura Ltd.
- SMF Eden Maritime Ltd.
- SMF Cero Ltd.

(51% owned by SMF)
- SMF Beluga Ltd.
- Sierra Pioneer Marine Ltd.
- Katsu Pioneer Marine Ltd.

51%

Selatan Bunker (M) Sdn. Bhd.

Incorporated in Singapore

Straits Marine Services Pte Ltd. ("SMS")
- Straits Maritime Services Pte. Ltd.: (100% owned by SMS)

38%

Incorporated in British Virgin Islands

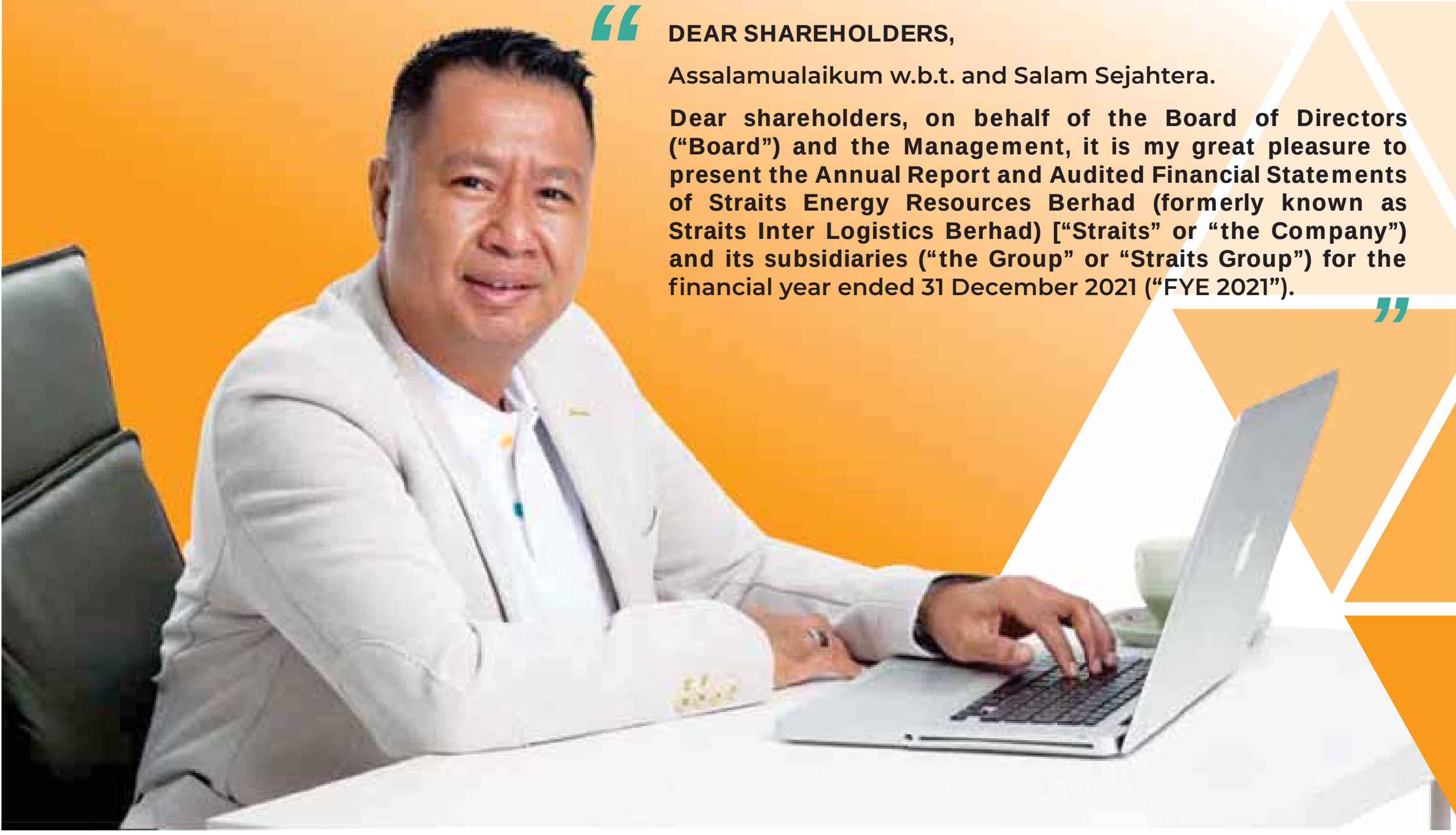
Banle International Group Limited ("BIG")

Incorporated in Hong Kong

Banle Energy International Limited ("Banle"): (100% owned by BIG)
- Reliance (China) Limited: (100% owned by Banle)

* *in the process of striking off*

MESSAGE FROM THE CHAIRMAN



DEAR SHAREHOLDERS,

Assalamualaikum w.b.t. and Salam Sejahtera.

Dear shareholders, on behalf of the Board of Directors ("Board") and the Management, it is my great pleasure to present the Annual Report and Audited Financial Statements of Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) ["Straits" or "the Company") and its subsidiaries ("the Group" or "Straits Group") for the financial year ended 31 December 2021 ("FYE 2021").

The FYE 2021 was indeed a challenging year for the Group as the third COVID-19 wave began on 8 September 2020. The outbreak of the Covid-19 pandemic has halted both global and domestic economic activities. The nation had undertaken various measures to curb the pandemic, including different stages of Movement Control Order ("MCO") to restrict the physical mobility of people and movement of goods and services, which in turn impacted the businesses and economies as a whole.

Economic Landscape

The Bank Negara Malaysia projected the year 2022 to be a turning point for the global economy, from a deep recession that originated from a global COVID-19 pandemic. For Malaysia, Bank Negara Malaysia ("BNM") has projected Malaysia's economy to grow by between 5.3% and 6.3% in 2022. This is underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions.

Although Malaysia has successfully contained the pandemic and the economy is slowly picking up thus far, the extent of economic recovery would depend on when the pandemic can be controlled, given its current resurgence in certain major countries. For that, Malaysia remains vigilant over future waves of the disease.

Perpetuating Health & Safety

The Board and Management has prioritised employee health and safety above all else during the COVID-19 pandemic. The Group adopted proactive and rigorous measures to ensure a healthy workplace environment through stringent Standard Operating Procedures ("SOPs") that comply with Government directives.

MESSAGE FROM THE CHAIRMAN
cont'd

The capacity of our employee to respond quickly to changing situations and their ability to adapt and subsequently implement the best possible measures, prioritising business continuity, have been crucial contributors towards maintaining our business resilience.

On the bright side, the COVID-19 pandemic has provided a unique opportunity to rethink the kind of future we want so we can plan on how to transform the way we live and work. The pandemic has brought opportunities for many countries and change the way how businesses respond differently, reimagine new scenarios, and reset strategies to face the challenges ahead.

With the rapidly evolving situation surrounding the pandemic, it is crucial for businesses to remain agile in order to ensure profitability.

Overall Performance

However, amidst this dark and gloomy year, there were some positive news as the Company had recorded a better performance for the FYE 2021 despite the continuous challenges posed by the COVID-19 pandemic

The Group recorded a higher profit after tax ("PAT") of RM4.2 million in FYE 2021 compared to RM4.0 million in FYE 2020 representing an increase of 5% due to higher revenue of RM1.32 billion in FYE 2021 against RM675.3 million in FYE 2020.

The increase was substantially contributed by the oil trading & bunkering services segment which had expanded its market coverage into Port Klang, apart from benefiting continuously from the recovery of the maritime industry and rising global oil prices.

With the majority of the group businesses being classified as essential services, the Group business is able to continue operating but concurrently complying with the SOPs to ensure the safety and wellness of employees and also to ensure the smooth and continuous growth and execution of its expansion programs. Nonetheless, the Board and Management of the Company are closely monitoring the impact of this pandemic on Group's result from time to time and to ensure appropriate risk mitigation measures are undertaken to preserve value and protect shareholders' interests.

The COVID-19 pandemic had also thrust the concept of Environmental, Social and Governance ("ESG") into the spotlight as companies worldwide realise the need to adopt more sustainable practices to avoid financial and environmental risks in the long run. As such, the ESG considerations are increasingly being integrated into decision-making by financial institutions, institutional investors and other investors.

In Malaysia, there is growing acceptance and acknowledgement by industry leaders of the need for stronger ESG adoption.

We will continue strengthening our business portfolios to better serve our customers' needs by placing focus on ensuring smooth operations and improving coordination and long-term business relationships with our key customers.

MESSAGE FROM THE CHAIRMAN
cont'd

Business Outlook in 2022

In our expanding the Group's port operation and facility management services, Straits had also acquired a 90% equity interest in Sinar Maju Logistik Sdn Bhd which will allow the Group to offer a broader range of related services within the port operation, logistics and transportation sector, provide additional value to clients and enhance the revenue and earnings of Straits Group moving forward. This acquisition is expected to provide an additional income stream to Straits Group.

Straits intends to drive the digital transformation of the Oil and Gas industry by enhancing the usage of automation, surveillance, remote operations and big data analytics through the Internet of Things ("IoT") to achieve better performance and productivity. Straits is also exploring and tapping the huge business potential in the 4G and 5G rollout space as well as the IoT in Malaysia and regionally.

To realise the above objective, the Company had on 8 December 2021 acquired Straits Technology Solutions Sdn Bhd and Straits CommNet Solutions Sdn Bhd to participate in the vast business opportunities of the 4G and 5G network solution rollout and the digitalization transformation of the port, oil and gas industry through the Smart Technologies and IoT in Malaysia and regionally.

A Note of Appreciation

On behalf of the Board, I wish to express my sincere appreciation to Straits' management team and employees for their commitment and excellent execution of strategic plans in ensuring the Company's business stability and sustainability in the years to come.

This is especially true as the team has demonstrated their unwavering commitment to deliver tangible project progress despite the setbacks and challenges posed by the pandemic and the resulting MCO.

Likewise, we are pleased to recognise our shareholders for their unrelenting confidence as well as our bankers and business partners for their steadfast patronage and support.

Last but not least, I would like to express my deepest appreciation to my fellow Board members for their wise counsel and keen involvement in the various Board Committees in 2021.

Nevertheless, let's stay vigilant and mitigate the spread of the COVID-19 outbreak whilst seeking to soar to greater heights in year 2022. Thank you for your continuous support and interest in Straits.

Please stay safe and stay healthy.

Thank you.

Y.A.M DATO' SERI TENGKU BAHARUDDIN
IBNI AL-MARHUM SULTAN MAHMUD AL-MUKTAFI BILLAH SHAH
Chairman, Non-Independent Non-Executive
22 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

It is with great pleasure that I am presenting to you this Management Discussion and Analysis ("MD & A") for financial year ended ("FY") 31 December 2021. The global businesses continued to be impacted profoundly by the manifestation and resurgence of worldwide COVID-19 pandemic ("Pandemic") phenomenon. Amidst the general concerns about the impact of Pandemic on businesses, we take this opportunity to address those concerns, discuss the past performance of the Group, and also share the strategies and actions the Group had engaged to brave these global challenges head on.

The COVID-19 pandemic persisted to wreak significant economic damage across the world in 2021. Movement restrictions, which were implemented to curtail the virus spread were gradually relaxed once the infectivity rates dipped. However, the resultant freer movement had caused a resurgence in infection numbers, leading to a re-tightening of the restrictions. This oscillation between curtailed and freer movement caused widespread disruptions to businesses and the overall growth trajectory of the global economic recovery.

The global coronavirus ("COVID-19") and its Delta and Omicron variants pandemic continue to have a deep economic impact on our country and markets around the world. It has tested the resilience of millions of lives and livelihoods, as well as healthcare systems and economies in ways we could never have imagined.

Nevertheless, the acceleration of the National COVID-19 Immunization Programme, as well as other initiatives such as the Pakej Pelindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH") and the National Recovery Plan ("NRP"), had improved consumer and business confidence despite the uncertainties.

In spite of this challenging situation, Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) and its subsidiaries ("Straits Group" or "the Group") have achieved a healthy financial performance because of our resolute and steadfast commitments to engage actively with our stakeholders and to deliver service excellence at all times.

Straits has always embraced change as a constant in growth and the transformation journey the Group has laid out remains the foundation on which we are proud to pivot our performance for both our top-line and bottom-line in this financial year.

In the year under review, the Group focused on taking care of the welfare of our employees, expanding the digitalization of our business operations and enhancing the sustainability of our operations for steady long-term growth.

The Group's business has been segregated into the following core business segments:

1) Investment Holding

   Investment in shares and provision of management services

2) Oil Trading & Bunkering Services

   This 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. In essence, oil bunkering services entail the offering of marine logistics and marine supports services to companies mainly in the fields of marine transportation and oil and gas industries.

3) Inland Transportation & Logistics

   This involves the provision of transportation services by land, mainly through tankers, trucks and/or lorries.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

4) Ship Management Services

   This involves the provision of the vessel and marine management services.

5) Port Management

   This involves the provision of Labuan Port management services.

6) Ship-to-Ship ("STS") Operations

   This involves the provision of STS operations.

OUR FINANCIAL PERFORMANCE REVIEW

During the financial year, the Oil Trading & Bunkering Services segment remained as the main contributor for the Group and they were able to enhance their revenue despite the challenges faced due to COVID-19 pandemic.

The Group achieved a total revenue of RM1.32 billion for the FY 31 December 2021 ("FY 2021") as compared to RM675.32 million for the FY 31 December 2020 ("FY 2020"). The increase was substantially contributed by the Oil Trading & Bunkering Services segment which had expanded market coverage into Port Klang, apart from benefiting continuously from the recovery of the maritime industry and rising global oil price.

The growth of revenue was also driven by increment of sales demand of Low Sulfur Fuel Oil ("LSFO") and upward trending in Means of Platts Singapore ("MOPS") price. There was also a huge spike in LSFO demand during the festive period in the last quarter of 2021.

Oil Trading and Bunkering Services segment contributed more than 98% to the Group's revenue.

Revenue generated from Inland Transportation had also improved as the construction industry picked up on the back of the Malaysian economy recovering from the COVID-19 Pandemic.

Port Management segment also recorded an increase in revenue to RM12.00 million in FY 2021 as compared to RM9.60 million in FY 2020 partly due to full year operation in FY 2021 as compared to 9 months operation in FY 2020.

The revenue recorded from the performance of Ship Management Services division also improved more than 90% from RM0.55 million in FY 2020 to RM1.06 million in FY 2021 mainly attributable to the division expanding its business to external parties.

For FY 2021, the Group recorded a 50% increase in the Profit Before Tax ("PBT") to RM9.68 million as compared to the preceding year which recorded RM6.47 million. This was contributed by a higher PBT of RM3.34 million by the Oil Trading & Bunkering Services segment, an increase in PBT of 35% by the Ship Management Services segment, an increase in PBT of 275% by Port Management segment and reduced losses of RM0.66 million by its Inland Transportation segment.

These profits were partially offset by a further initial start-up and pre-operational cost of RM2.86 million incurred by the STS operations.

Profit After Tax and Non-Controlling Interests ("PATNCI") for FY 2021 was RM4.30 million against RM2.84 million recorded in FY 2020.

Earnings Per Share ("EPS") was 0.57 sen as compared with 0.44 sen the year before while Shareholders' Funds increased to RM130.87 million from RM113.70 million in FY 2020. The Group Total Assets continued to expand by 42% or RM132.97 million, during the year under review as compared to 7% growth in the prior financial year.

In addition, the Group continued to practise sound financial management with healthy cash and bank balances of RM47.10 million at the close of the FY 2021.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

BUSINESS PERFROMANCE REVIEW

Oil Trading and Bunkering Services

In line with the Group's business strategy to further expand its bunkering services and supply of marine fuel oil ("MFO"), Straits had on 15 October 2021, through its 51% indirect-owned subsidiary, SMF Beluga Ltd, entered into a Bareboat Charter Hire Agreement to acquire a vessel, namely M.T. Empower for a purchase consideration of USD3.50 million.

Since July 2021, Straits through its 70% owned subsidiary, Tumpuan Megah Development Sdn Bhd ("TMD"), has collaborated with Petronas Dagangan Berhad ("PDB") to provide MFO to vessels within all ports in Malaysia. This tie-up with PDB marks a significant milestone for Straits as it has brought two strategic companies together for collaboration on provision of MFO to the many vessels in Malaysian waters.

The venture is synergistic and value-adding to both parties as through Straits' wide established network and large vessels fleet, PDB will be able to supply marine fuel oil to all its customers comprising mainly container liners within the ports of Malaysia. With this tie up, PDB's customers will be able to enjoy highly reliable, efficient and safe cargo delivery services through Straits' comprehensive infrastructure and tight operating procedures.

Straits is very proud to be given the opportunity by an established and reputable company like PDB to work with them to further grow and tap the vast marine fuel oil market in Malaysia. This initiative will allow further business expansion for both parties and to enhance users' experience.

At present, TMD operates in fifteen (15) ports in Malaysia, which include Lumut Port, Pasir Gudang Port, Tanjung Pelepas Port, Johor Bahru Port, Kuantan Port, Kemaman Port, Kuala Terenganu Port and Labuan Port, all of which are licensed under Petroleum Development Act 1974 ("PDA Licences") for its bunkering services. TMD currently has an enlarged fleet size of 14 vessels plying within the ports that it is operating.

Straits is also very thankful and proud to be given the opportunity by PetroVietnam Technical Services Corporation ("PTSC") to enter into a contract with them for the supply of diesel for the PM3-CAA project for a period of about 3.5 years from December 2021 to June 2025.

The PM3-CAA project involves offshore fields located throughout a 2008 sq km in the overlapping zone between Malaysia and Vietnam. This is the first international contract secured by Straits as it expanded its footprint throughout the region and this award is a recognition of Straits brand name in delivering reliable services and quality products. With this contract, PTSC will get to enjoy highly reliable, efficient and safe fuel delivery services through Straits comprehensive network, infrastructure and tight operating procedures.

PTSC is a member of the Vietnam National Oil and Gas Group ("PetroVietnam") and has established itself as a multi-sector corporation and leader in providing oil and gas technical services in and outside Vietnam.

Inland Transportation and Logistics Services

Despite the logistics and transportation industries being classified as essential services by the Malaysian Government, it was also one of the industries that was severely and negatively impacted by the spillover effect from the global pandemic on the global and local supply chain.

Our trucking business operated under highly disruptive environment in FY 2021 due to the COVID-19 global Pandemic which led to various interruptions and disruptions to various industries and economies, both locally and globally, with stringent measures to curb the spread of the outbreak.

In Quarter 4 2021, the order and demand from YTL Cement Marketing Sdn Bhd had resumed and the Management hopes that this will improve further in 2022 taking into consideration that Malaysia has considered COVID-19 as endemic starting 1 April 2022. Furthermore, the construction industry is also picking up on the back of the Malaysian economy recovering from the COVID-19 Pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

BUSINESS PERFROMANCE REVIEW (cont'd)

Inland Transportation and Logistics Services (cont'd)

The economic environment is slowly but surely turning in our favor, with both the domestic and international economic and social sectors gradually reopening in line with the rising vaccination rate.

For FY 2021, the Inland Transportation and Logistics Services contributed RM4.11 million to the Group's revenue.

Port Operation & Facility Management Services

Straits' indirect subsidiary i.e. Megah Port Management Sdn Bhd ("MPM") had commenced Port Management Services at Labuan Port in April 2020.

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

Labuan Port's berths have a total length of 355.6 meters with alongside depths of between 4.6 meters and 10 meters and can accommodate a deadweight tonnage of 16,000.

The Group's role as a gateway to the country has also meant that we are the first line of defense in protecting our country against the entry of the pandemic via our seaways.

During the COVID-19 Pandemic, ports had to adjust to the reality of lower volumes, worker shortages, the implementation of occupational health and safety measures for dockers and shore personnel and the adoption of teleworking and remote operations for office workers.

The challenges we faced included a slowdown in cargo throughput, incurring additional costs to ensure compliance to Standard Operating Procedures ("SOPs"), as well as ensuring sufficient resources to keep our services going amid ongoing supply chain disruptions.

The container and cargo volume managed by MPM was 15,551 teus and 108,131 MT respectively, from January 2021 to December 2021.

Malaysia's stable economy will increase import and export activities, which will benefit the country's port management industry.

We have invested significantly in efforts to strengthen many aspects of our operations, from human capital to cost management. Our focus is on what is right before us - to move forward and to see the Group achieve greater heights of success.

MPM is currently upgrading its infrastructure and facilities to cater for more vessels as well as to meet the growing market demand following the recovery. This will allow the port to improve its handling capability.

To date, the company has established a more reliable and sounder financial and cost management system. Departments reporting protocols have also been enhanced in order to improve oversight and management.

Moving forward, the Group is bracing itself towards having to operate under more trying conditions. Nevertheless, we are convinced that the seeds we have sown, which include investing in the right people and putting in place an effective operational structure will enable the Group to thrive and benefit our shareholders at large.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

BUSINESS PERFROMANCE REVIEW (cont'd)

Ship Management Services

The performance of the Ship Management Services division of the Group shown more than 90% increment in its revenue for FY 2021 mainly due to the increase in the number of external party customers.

The services performed by this division is to ensure the vessels are well maintained and the cost of maintenance and management is kept at a very competitive level. Its indirect subsidiary named Straits Maritime Services Pte Ltd is providing the same services to other vessel owners not within the Group.

STS Operations

The Group via its indirect subsidiary, Victoria STS (Labuan) Sdn Bhd ("Victoria") had on 12 July 2021 received a letter of approval from Marine Department Malaysia for the development of STS Energy Transhipment Hub to provide and carry out liquid cargo transfer activities.

The Group is looking to widen its business coverage into the STS operations and is currently mobilising its resources and infrastructure in preparation to commence operation in second quarter of 2022.

The development of the STS Energy Transhipment Hub includes setting up the key facilities and equipment such as tugboats, pneumatic fenders, LNG cryogenic equipment and single point mooring system.

OUTLOOK AND PROSPECTS

The Malaysian Government projects a GDP growth of between 5.5% and 6.5% in 2022, predicated upon the reopening of economic and social sectors domestically and globally. The Group takes cautionary approach in its outlook for the new financial year, pending broad economic recovery, interest rate movements, improvement of consumer sentiments, and developments surrounding the COVID-19 Pandemic.

We expect a stronger year ahead for our company, supported by higher growth in the Malaysian economy as the world gradually move towards normalization in the post COVID-19 era.

The Group will continue to expand its oil trading and bunkering business by increasing its deliverable tonnage capacities by maximizing the utilization of the capacities of its much enlarged vessel fleet size as well as broadening its geographical coverage.

The STS hub will be Straits' energy flagship project. Straits has over the years diligently established its comprehensive infrastructure and widened its customer base and this STS hub will kickstart Straits' foray into the Sustainable and Alternative Energy space. With this project as a start, Straits aims to be a major player in the Sustainable and Alternative Energy industry in addition to its current fuel bunkering and port operation business.

This STS hub will be a new local economic driver with huge and substantial spillover effect to the local maritime services as well as employment opportunities for both skilled and semi-skilled labor. It will also be a catalyst to other related business in the Malaysia maritime sector.

As we continue to remind ourselves that the pandemic is still ongoing, we will constantly put in place the necessary precautions at all our operations to help prevent the spread of the virus.

Acquisition

The Group had on 3 March 2021 completed the Proposed Acquisition of additional 15% equity interest in TMD. Upon completion of the Proposed Acquisition, TMD has now become a 70%-owned subsidiary of Straits.

The Group had on 25 October 2021 announced the Proposed Acquisition of 90% equity interest in Sinar Maju Logistik Sdn Bhd ("Sinar Maju"). For Shareholders' information, the Proposed Acquisition was completed on 1 April 2022 and Sinar Maju is now a 90% owned subsidiary of Straits.

This said acquisition will be a horizontal expansion of the Group's Port Operation & Facility Management Services, which will allow the Group to offer a broader range of relates services within the port operation, logistics and transportation sector to provide additional value to clients and enhance the revenue and earnings of Straits Group.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

OUTLOOK AND PROSPECTS (cont'd)

New Business Opportunities

Straits, via its 70% indirect-owned subsidiary, Straits CommNet Solutions Sdn Bhd ("SCS") had in November 2021 entered into a Memorandum of Understanding with Baicells Technologies Co., Ltd ("Baicells Technologies") to collaborate and drive the growing wireless network communication business opportunities of the 4G and 5G rollout and the digital transformation of the oil and gas industry ("O&G") through Smart Technologies and Internet of Things ("IoT") in Malaysia and regionally.

Malaysia is accelerating its journey towards industry 4.0 where 4G, 5G, IoT and wireless network play vital roles. The deployment of the nationwide next-generation wireless cellular technology is expected to increase the number of IoT and Smart Industry use cases in the country. Wireless network like 4G, 5G, private networks will power innovation in areas such as automation, robotics, remote control across various industries. SCS will look into the digital transformation for Straits Group businesses and to ride on this technology wave in both the private enterprise and public sector.

Business Risks

There are still risks and uncertainties caused by the development of new COVID-19 variants. The eventual impact to businesses and lives can only be assessed once the situation stabilizes. Nevertheless, we have confidence in the measures adopted by the Government in combating such risks.

The Board is overseeing the matters of risk through the Board Risk & Compliance Committee that is supported by the Risk Management Committee and a team of external and internal auditors.

Details on the Group's risk management are disclosed in the Statement of Risk Management and Internal Control ("SORMIC") provided in this annual report.

ACKNOWLEDGMENT

I would also wish to express my deepest gratitude to the Board of Directors, for their stewardship and guidance.

A big thank you to the regulatory authorities and all our business associates, shareholders, banking and financial institutions, for their commitment and overwhelming support to the Group throughout this financial year.

Having weathered the difficult market conditions of a handicapped economy brought on by the pandemic, the Group has come out stronger and tougher, bearing the battle scars of a harsh environment yet upholding our reputation as the largest licensed bunker operator in Malaysia.

To the Management team and entire workforce, let us rise to the challenges ahead as we scale new heights. Thank you for your contributions to the Group.

Moving forward in 2022 and onwards, while Malaysia goes through a recovery period, I would like to remind everyone to continue complying with the Ministry of Health's SOPs and doing everything in our power to stop the spread of the virus.

Thank you.

Stay safe and healthy.

DATO' SRI HO KAM CHOY
Group Managing Director
22 April 2022

BOARD OF DIRECTORS' PROFILE

Y.A.M DATO' SERI TENGKU BAHARUDDIN IBNI ALMARHUM SULTAN MAHMUD AL-MUKTAFI BILLAH SHAH
Chairman/Non-Independent Non-Executive Director

Malaysian
Age 46, Male

DATE APPOINTED TO THE BOARD

1 December 2019

LENGTH OF SERVICE (as at 31 March 2022)

2 years 3 months

DATE OF LAST RE-ELECTION

22 June 2020

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

However, on 28 June 2019, he resigned as the Director of the Company due to health reason and was re-appointed as Non-Independent Non-Executive Chairman on 1 December 2019.

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

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

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

Currently, he is a Director of some of the Subsidiaries of the Group and also sits on the Board of other Private Companies.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

DATO' SRI HO KAM CHOY
Group Managing Director

Malaysian
Age 59, Male

DATE APPOINTED TO THE BOARD

5 August 2016

LENGTH OF SERVICE (as at 31 March 2022)

5 years 7 months

DATE OF LAST RE-ELECTION

22 June 2020

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

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

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

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

Subsequently, from 1989 to 1991, Dato' Sri Ho Kam Choy joined a Hong Kong trading and shipping company, Kelway Enterprise Ltd as a Manager and was in charge for the commercial management of the company owned fleet vessels. Since 1991, he is a director of RH Pacific Shipping Agencies Ltd, a company involved in shipping and transportation of bulk/bagged cargo and shipping.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

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

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

CAPTAIN TONY TAN HAN (CHEN HAN)
Executive Director

Singaporean
Age 46, Male

DATE APPOINTED TO THE BOARD

24 March 2015

LENGTH OF SERVICE (as at 31 March 2022)

7 years

DATE OF LAST RE-ELECTION

24 June 2021

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

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

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

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

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

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

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

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

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

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

Malaysian
Age 68, Male

DATE APPOINTED TO THE BOARD

3 June 2016

LENGTH OF SERVICE (as at 31 March 2022)

5 years 9 months

DATE OF LAST RE-ELECTION

24 June 2021

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

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

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

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

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

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

MEMBERSHIP ON THE BOARD COMMITTEE

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

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

LEONG FOOK HENG
Independent Non-Executive Director

Malaysian
Age 63, Male

DATE APPOINTED TO THE BOARD

17 August 2015

LENGTH OF SERVICE (as at 31 March 2022)

6 years 7 months

DATE OF LAST RE-ELECTION

22 June 2020

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

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

Mr. Leong began his career as the 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.

In 2001, he joined Citibank Bhd as Vice President, Head of Asset Based Finance Division and was also appointed a Director of Citicorp Capital (Malaysia) Bhd. Thereafter, he joined a local Bank and held the position of General Manager, Business Banking for more than 5 years.

Subsequently, he joined an International Banking Group, which owns Banks operating in 14 countries, as its Group Head, Risk Management. He was also a Regional CEO at one of the Banks and a Board Member of another two Banks within the Banking Group.

MEMBERSHIP ON THE BOARD COMMITTEE

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

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

HARISON BINTI YUSOFF
Non-Independent Non-Executive Director

Malaysian
Age 65, Female

DATE APPOINTED TO THE BOARD

1 March 2020

LENGTH OF SERVICE (as at 31 March 2022)

2 years

DATE OF LAST RE-ELECTION

22 June 2020

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

Puan Harison obtained her Bachelor of Science with Education (Honours) Degree from University Malaya in 1983. In order to equip herself better in the corporate world, she obtained her Diploma in Public Relations in 1995 from International Correspondence Schools.

In 2011, she completed her Master in Managerial Psychology from HELP University. She started her career as a secondary school teacher in government schools before joining the private sector in 1993.

Subsequently, for the next five (5) years, Puan Harison served in several companies, as a PR and Communications practitioner with Silicon Communications, Mahir Events and Yaohan Berhad. In 1998, she joined Petrosains Discovery Centre, a subsidiary of PETRONAS, as Head of Public Relations. She helped develop standard processes and procedures for communication, issue management and crisis preparedness.

In 2006, Puan Harison was seconded to the PETRONAS Corporate Affairs Department to handle corporate social responsibility programmes ("CSR") and stakeholder management. Appointed as a team leader for the flagship CSR programme called "Program Bakti Pendidikan PETRONAS", she was responsible for strategising and implementing the programme, groupwide. She succeeded in taking the programme to greater heights and managed to recruit and develop over 600 volunteers.

From 2008 to 2012, Puan Harison was assigned as Learning Manager with the PETRONAS Leadership Centre. During the four (4) year tenure in the Centre, she was involved in several high profile talent pipeline development programmes, like the Global Mindset for Leaders programme in collaboration with the US-based Thunderbird School of Global Management and Building Leaders Programme ("BLP"). BLP uses an innovative approach in identifying critical skills for future leaders through EQ assessment and intervention to bridge the skill gaps and address competency issues

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

HO FOOK MENG
Independent Non-Executive Director

Malaysian
Age 64, Male

DATE APPOINTED TO THE BOARD

24 March 2015

LENGTH OF SERVICE (as at 31 March 2022)

7 years

DATE OF LAST RE-ELECTION

19 June 2019

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

He graduated from the University of Malaya, Kuala Lumpur with a Bachelor of Economics (Honours) degree in 1981 and holds a Masters of Business Administration from Kent State University, Ohio, USA.

Mr. Ho started his career in the banking and financial services industry in 1981 and has over 30 years experience in the said industry. He specialized in lending to SMEs and mid and large Corporations.

As a senior banker, he is very often tapped for his expertise and wide ranging experience by his banking clients and investors in their growth and expansion strategies.

He has established a very wide business network that was built over the years as banker.

MEMBERSHIP ON THE BOARD COMMITTEE

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

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST

None

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

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

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

Malaysian
Age 30, Male

DATE APPOINTED TO THE BOARD

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

LENGTH OF SERVICE (as at 31 March 2022)

Not applicable

DATE OF LAST RE-ELECTION

Not applicable

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

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

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

After graduation, he joined 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 ("MGO"). On 1 July 2019, he was re-designated as Marketing Director on TMD.

MEMBERSHIP ON THE BOARD COMMITTEE

None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

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

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 END

None

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC/LISTED COMPANIES

None

ATTENDANCE AT BOARD MEETINGS

The details of attendance of each Director at Board Meetings are disclosed in the Corporate Governance Overview Statement on page 39 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

BENJAMIN BERNARD BIJION
Chief Executive Officer
Victoria STS (Labuan) Sdn Bhd

Malaysian
Age 62, Male

QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

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

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 of April 2021.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021.
- He does not hold any directorship in other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

HO KHIN CHOY
Chief Executive Officer
Straits CommNet Solutions Sdn Bhd

Malaysian
Age 53, Male

QUALIFICATIONS

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

WORKING EXPERIENCE

He started his telecommunication working career as early as 1991 where he was a Microwave Transmission Field Test Engineer for Alcatel Standard Elektrik Lorenz AG. He was mainly 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 optimization.

In 1995, when the second generation mobile network GSM came into play, he was then the network planner and network optimizer for Mutiara Telecom, now Digi. Com Berhad.

He made a slight change in his career where he decided get involved in network consulting and business development, hence he worked for companies like Logica Plc in year 2000 and Nokia in year 2004. In Logica Plc, he played a leading role in managing the division, growing the engineering and consultancy business and resources for the APAC region. In Nokia, he played a Business Development and Sales role, creating and improving and selling network planning and optimization services. He also does analysis of operation processes, the advantages/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.

Throughout his working career, he also worked for a few startup companies like Blah! where the objective is to provide wireless value add services to world mobile network operators capitalizing on technology innovation "infotainment" products, something like 'Whatsapp" in this current age.

Another startup company where he is involved in is OpenSignal in 2016 where the main objective of this mobile network data crowdsourcing start-up company is to build the brand and penetrate into APAC market.

Other companies that he has been a part of are Ascom Network Testing, Kathrein APAC, Axiata's Edotco and Digital National Berhad.

All and all, he is a highly motivated result-oriented person with more than 31 years of accomplishment in the telecommunication industry. A solution consultant at heart with extensive record of creating, aligning and building requirements to achieve excellence and customer satisfaction. An all-rounder hands-on individual with regional sales, business development experiences in the mobile, wireless and connectivity industry. High in professional ethics, sound technical background, empathy, committed and trustworthy.

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 of the Company.
- Convictions for any offences and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021. – Not Applicable as he joined the Group in year 2022.
- He does not hold any directorship in other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

CAPTAIN DJIE KWANG LIONG
Chief Operating Officer
Straits Marine Services Pte Ltd

Singaporean
Age 45, Male

QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

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

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

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 July 2019.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021.
- He does not hold any directorship in other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

IDJAL BIN TAHIR
Chief Executive Officer
Megah Port Management Sdn Bhd

Malaysian
Age 51, Male

QUALIFICATIONS

He obtained the Malaysian Examination Certificate in 1988.

WORKING EXPERIENCE

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

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

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

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

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 25 February 2020.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021.
- He does not hold any directorship in other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

CHAI YIING JEN
Managing Director
Straits Alliance Transport Sdn Bhd

Malaysian
Age 43, Male

QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group as director of SAT on 19 February 2019.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021.
- He does not hold any directorship in other public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

HOH CHEE MUN
Financial Controller
Straits Group

Malaysian
Age 57, Male

QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

Before he was appointed as the Financial Controller of the Group, between 2012 to 2017, he provided general management consultancy and GST services in Malaysia.

ADDITIONAL NOTES ON KEY SENIOR MANAGEMENT

- Joined the Group on 1 April 2017.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2021.
- He is currently an Independent Non-Executive Director of QES Group Berhad.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) ["Straits" or "the Company"] is pleased to present the AC Report for the financial year ended 31 December 2021 ("FYE 2021") in compliance with paragraph 15.15 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

MEMBERSHIP

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

Chairman	:	Leong Fook Heng Independent Non-Executive Director
Member	:	Ho Fook Meng Independent Non-Executive Director
	:	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent Non-Executive Director

None of the Independent Non-Executive Directors have appointed Alternate Directors.

The Chairman of the AC, Mr. Leong Fook Heng is a member of the Malaysian Institute of Accountants ("MIA") and Associate Member of Chartered Institute of Management Accountants (United Kingdom). Accordingly, the Company complies with Rule 15.09(1)(c)(i) of the AMLR.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AC outlining the composition, authorities, roles and responsibilities of the AC, which are consistent with the requirements of the AMLR of Bursa Securities and the recommendations of the Malaysian Code on Corporate Governance ("MCCG"), are available on the Company's website at www.straits-energyresources.com.

ATTENDANCE OF MEETINGS

During the FYE 2021, the AC conducted six (6) meetings. The details of attendance of the members of the AC are as follows:

No	Name of Directors	No of Meetings attended	%
1.	Leong Fook Heng - Chairman	6/6	100
2.	Ho Fook Meng - Member	6/6	100
3.	Tan Sri Mohd Bakri Bin Mohd Zinin - Member	6/6	100

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the Quarterly Reports and Annual Financial Statements are held prior to such Quarterly Reports and Annual Financial Statements being presented to the Board of Directors ("Board") for approval.

The Financial Controller, Internal Auditors, Group Managing Director ("Group MD") and Key Senior Management 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 are also invited to attend the AC meetings to present their audit scope and plan, audit report and findings, together with management's response thereto and to brief the AC members on significant audit and accounting areas which they have noted in the course of their audit. Issues raised, discussion, deliberations, decisions and conclusion made at the AC meetings are recorded in the minutes of the meetings.

AUDIT COMMITTEE REPORT
cont'd

ANNUAL ASSESSMENT

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

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

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

REPORTING TO THE BOARD

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

SUMMARY OF ACTIVITIES OF AC

The AC carried out the following activities in discharging its functions and duties during the FYE 2021:-

1) **Financial Reporting**

   a) Reviewed the Unaudited Quarterly Financial Reports (inclusive of cumulative year-to-date figures) and announcements of the Company and of the Group prior to submission to the Board for consideration and approval. The items typically reviewed are the Group's Consolidated Statement of Financial Position and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows as well as the Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 i.e. Interim Financial Reporting as well as Appendix 9B of AMLR on Quarterly Reports.

   b) Assessed reasonableness and appropriateness of the judgements or estimations made by management in preparing the financial statements.

   c) Reviewed the consolidated Audited Financial Statements of the Company and the Group for FYE 2021 and ensuring that the statements comply with the MFRS, for recommendation to the Board for approval.

      The AC's review included a critical and intelligent scrutiny of the statutory accounts based on an analytical approach, while at the same time obtaining assurance from management and the External Auditors that the financial statements have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

      The AC's examination of the statutory accounts had also included a review of the key audit matters, their implications to the audit of the Company and of the Group and how the matters were addressed in the audit; going concern considerations; corporate governance disclosures; and information other than the financial statements and the Auditors' Report that were included in the Company's Annual Report.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

1) Financial Reporting (cont'd)

c) (cont'd)

The AC had also reviewed significant accounting and auditing matters highlighted by the External Auditors in their Report to the AC which warranted the AC's attention. In addition, the AC had taken note of any corrected material misstatements related to the accounts and reviewed the summary of unadjusted audit differences for the Group.

The AC would take note of the External Auditor's observations arising from the audit that are significant e.g. any material variance between the financial results of the fourth quarter and the audited figures, any unadjusted audit differences above the threshold or material weaknesses in internal controls.

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

d) Reviewed assessment on the impact of COVID-19 on the Group's and the Company's financial statements, including management's strategies and measures in managing the impact on COVID-19.

e) Reviewed the adequacy of the processes and controls in place for effective and efficient financial reporting and disclosures under the MFRSs and the AMLR.

2) External Auditor

a) At the Annual General Meeting ("AGM") held on 24 June 2021, the shareholders had approved the re-appointment of Messrs. Moore Stephens Associates PLT ("Moore Stephens") as External Auditors of the Company.

b) Reviewed with the External Auditors, the Audit Plan for FYE 2021 outlining, amongst others, their scope of work, areas of audit emphasis, and development in laws and regulations affecting financial reporting and the responsibilities of directors, management and auditors.

c) Reviewed the External Auditors' report on the final audit report for the FYE 2021 and Statement of Risk Management and Internal Control ("SORMIC") before recommending to the Board for approval.

d) Had private session with the External Auditors without the presence of the Executive Directors and Key Senior Management of the Group to apprise on matters in regard to the audit and financial statements.

e) Reviewed the provision of non-audit services rendered by the External Auditors to the Group, in circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group's business operations, systems and processes. In considering the nature and scope of the non-audit services, the AC was satisfied that the services were not likely to impair the External Auditors' independence and objectivity.

f) Recommended the proposed audit fee for the Board's approval.

g) Reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the External Auditors, it was satisfied that management had co-operated fully and the External Auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the External Auditors, the AC recommended the audited financial statements for the FYE 2021 to the Board for approval.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

2) External Auditor (cont'd)

h) Reviewed, assessed and monitored the performance, suitability and independence of the External Auditors. The External Auditors had provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.

The AC had conducted an evaluation of the External Auditors for the FYE 2021, encompassing technical competencies, adequacy of specialist support and partners/director accessibility and time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communications to the AC.

Following the outcome of the assessment and having satisfied with the External Auditors' performance, suitability and independence, the AC recommended to the Board for approval of the re-appointment of Moore Stephens as Auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming AGM.

3) Internal Audit

a) Reviewed the annual audit plan proposed by the Internal Auditors to ensure the adequacy of the scope and coverage of work.

b) Reviewed and adopted the risk-based internal audit plan for FYE 2021 to ensure sufficient scope and coverage of activities of the Company and Group.

c) Reviewed, deliberated the internal audit reports presented and considered the significant findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports tabled and management responses thereto and ensuring significant findings were adequately addressed by Management.

d) Reviewed the Enterprise Risk Management Policy and Framework.

e) Monitored and deliberated the implementation of audit recommendations arising from internal audit activities as well as the follow-up audits conducted by the Internal Audit function to ensure that all key risks and audit issues raised have been addressed and considered the timeliness of completion of the proposed actions and whether such actions effectively resolved the issues raised.

4) Related Party Transactions

a) Reviewed on a quarterly basis, the Recurrent Related Party Transactions ("RRPT") entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to the terms of the shareholders' mandate are not contravened, and disclosure requirements of the AMLR are observed.

b) Review significant related party transactions entered into / to be entered into by the Company and the Group to ensure that the transactions were in the best interest of Straits Group; were fair, reasonable and on normal commercial terms; and not detrimental to the interest of the minority shareholders of Straits.

c) Reviewed the Circular to Shareholders in relation to the renewal of shareholders' mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board for approval.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES OF AC (cont'd)

5) Anti-Bribery & Corruption Policy and Whistleblowing Policy

AC reviewed the amendments to the Anti-Bribery & Corruption ("ABC") policy and Whistleblowing policy to ensure parameters are available that support zero tolerance against bribery and corrupt practices in relation to the business of the Group.

The review was to provide assurance to the Group that its systems, policies and procedures are 'reasonable and proportionate' to its nature and size and that they are in line with the 'Guidelines on Adequate Procedures' issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). This Policy was adopted and applied to all companies within the Group. This includes all individual workings at all levels and grades.

6) Annual Report

Reviewed the AC Report, SORMIC, Corporate Governance Overview Statement and Corporate Governance Report for FYE 2021 prior to submitting the same to the Board for consideration and inclusion in the Annual Report 2021.

INTERNAL AUDIT FUNCTION

1) The Group's internal audit function, which reports directly to the AC, is outsourced to Tricor Axcelasia Sdn. Bhd ("Axcelasia"). The engagement Executive Director of the outsourced internal audit function is Mr. Chang Ming Chew, an Executive Director of Axcelasia. Mr. Chang is a Certified Information Systems Auditor from ISACA; Certified Internal Auditor and holds a Certification in Risk Management Assurance from the Institute of Internal Auditors; professional member of the Institute of Internal Auditors Malaysia; member of the Association of Chartered Certified Accountants (UK); and member of the Malaysian Institute of Accountants.

2) The Outsourced Internal Auditor assigns three (3) staff to provide internal audit services to the Company. The internal audit staff on the engagement are free from any relationships 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.

The Internal Audit function have undertaken independent and systematic reviews on the systems of internal control and risk management of key operating units within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures.

3) The final audit reports containing audit findings and recommendations together with management's responses thereto were circulated and presented to all members of the AC.

During the FYE 2021, the Internal Auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries, based on the audit plan approved by the AC. The Internal Auditors reported their findings and recommendations to the AC for deliberations together with the Management. Where areas of improvements were required, this was highlighted to the Management for implementation. The AC monitored the progress of the implementation.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION (cont'd)

4) During the financial year under review, the outsourced Internal Audit function have undertaken the following:-

i) Internal Control Review on RRPT

ii) Review of the Corporate Liability-Anti Bribery and Management System ("CLABMS")

iii) Follow-up on Prior Internal Audit

Detailed analysis of previous internal audit observations on the following:-

- Engagement of Ship Management Services
- Execution of Bunkering Activities

iv) Enterprise Risk Management ("ERM")

v) Internal Audit Strategy Document ("IASD")

Developed the IASD for FYE 31 December 2022 for AC's deliberation and recommendation.

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

Total cost incurred on the outsourced Internal Audit function of the Group in respect of the FYE 2021 was at RM 30,520 (2020: RM 16,088).

This report is made in accordance with the approval of the Board on 22 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) ["Straits" or "the Company"] is pleased to present its statement on Corporate Governance ("CG") practices of the Company during the financial year ended 31 December 2021 ("FYE 2021").

This Corporate Governance Overview Statement ("CG Overview Statement) is prepared pursuant to Paragraph 15.25 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia.

This CG Overview Statement provides an overview of the CG practices of the Company under the leadership of the Board during the FYE 2021 with reference to the 3 key Principles of good corporate governance, which are:

Principle A
Board Leadership and Effectiveness

Principle B
Effective Audit and Risk Management

Principle C
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

It is to be read in conjunction with the Corporate Governance Report ("CG Report"), which is made available online at www.straits-energyresources.com. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part 1 : Board Responsibilities

1.1 Strategic aims, values and standards

The Board is responsible for the overall performance of the Company and focuses mainly on strategy, performance, standard of conduct and critical business issues.

The Board is led and managed by experienced Board members with a wide range of expertise. It is collectively responsible for promoting the success of the Company and the Group by directing and supervising its business and affairs.

In setting the Company's strategic aims, the Board relies on the reports provided by the Group Managing Director ("Group MD") who oversees the entire business and operations of the Group.

In discharging its functions and responsibilities, the Board is guided by the Board Charter, Authority Limits and Matters Reserved for the Board.

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

- Group's business strategy and business plan;
- Annual budgets, including major capital expenditure projects;
- Material acquisition and disposal of assets; and
- Significant financial matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 1 : Board Responsibilities (cont'd)

1.1 Strategic aims, values and standards (cont'd)

The Board delegates certain roles and responsibilities to the Board Committees, namely Audit Committee ("AC"), Nomination & Remuneration Committee ("NRC") and Board Risk & Compliance Committee ("BRCC") which operate within defined Terms of Reference ("TOR").

The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary. The ultimate responsibility for the final decision on all matters lies with the entire Board.

The Group MD, assisted by the Executive Director and Senior Management Team, is responsible for the business and day-to-day management of the Company. The Board will monitor the performance of the Group through the unaudited quarterly financial reports presented to the Board by the Financial Controller.

The TOR for each Board Committee are available on the Company's corporate website at www.straits-energyresources.com.

1.2 Chairman of the Board

The Chairman of the Board is Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah, a Non-Independent Non-Executive Director.

Board and Shareholders' meetings are chaired by the Chairman. During Board meetings, the Chairman ensures that all Directors are given an equal opportunity to raise important matters and voice their views on proposals submitted.

The Chairman leads and ensures the effectiveness of the Board by among others, encouraging healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that the board's decisions fairly reflect board consensus.

The Chairman of the Board is not a member of any of the Board Committees so as to ensure that the objectivity of the Chairman and the Board is not impaired when deliberating on observations and recommendations put forth by the Board Committees.

The Chairman's performance was evaluated under the Board assessment in 2022 which was facilitated by the NRC with the assistance of the Company Secretary.

1.3 Separation of role of Chairman and Group MD

The position of the Chairman and Group MD are held by different individuals. The Chairman is a Non-Independent Non-Executive member of the Board, who provides leadership for the Board so that the Board can discharge its duties effectively. He leads the Board meetings and discussions and encourages active participations as well as allows dissenting views to be heard.

The Group MD, the Executive Director and Senior Management Team are responsible for the implementation of the Group's goals and execution of the business plans as laid out by the Board. The Group MD and the Executive Director will translate the Board's decisions, business plans and policies into operational goals and set the Key Performance Indicators for the Management and staff for the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 1 : Board Responsibilities (cont'd)

1.4 Company Secretary

The Board is supported by two (2) Joint Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and they are members of the Malaysian Association of Institute of Chartered Secretaries and Administrators ("MAICSA") and Malaysian Association of Company Secretaries ("MACS") respectively.

The Company Secretaries plays significant role in supporting the Board for ensuring that all governance matters and Board's procedures are followed and that applicable laws and regulations are complied with. The Board has direct access to the advices and services of the Company Secretaries.

The Company Secretaries attended relevant training and seminars conducted by the Companies Commission of Malaysia, MAICSA and Bursa Malaysia to keep themselves abreast with the regulatory changes and corporate governance development.

1.5 Information and Support for Directors

The meeting materials are made accessible to the Directors within reasonable periods prior to the meetings. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the independent advisers before the Board meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board meetings.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

1.6 Board Charter

The Board has formalized its duties and responsibilities into a Board Charter and have a Code of Conduct to ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. A whistleblowing and anti-bribery and corruption policies were also adopted as part of the Company's commitment to the highest standards of professional integrity, ethical behavior, transparency and fair dealing in the conduct of its business.

The Directors discharge their duties as effective Board members with personal dedication of time and ability to bring new and different perspectives to the Board. The Board Charter, which clearly sets out the roles and responsibilities of the Board, the Board Committees, Chairman, Group MD and Executive Director, is available on the corporate website of the Company for easy access.

The Board Charter demarcates the responsibilities between Board, Board Committee, Chairman, Group MD, Individual Director and Company Secretaries. The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems appropriate and necessary. Any subsequent amendments shall be approved by the Board.

The Board Charter can be found at the Company's corporate website at www.straits-energyresources.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 1 : Board Responsibilities (cont'd)

1.7 Code of Conduct and Ethics

The Board strives to adhere to the highest ethical standards in discharging its responsibilities and continues to promote integrity and ethical conduct among its employees in all aspects of the Group's business operations, including confidentiality of information, conflicts of interest, as well as Health, Safety and Environment ("HSE") performance, amongst others.

The Company has adopted a Code of Conduct & Business Ethics which sets out the guidelines on ethical issues which may arise during the course of business and the standards of behavior expected of all Directors and employees.

The Code of Conduct is available on the Company's website at www.straits-energyresources.com.

1.8 Whistleblowing Policy

The Company has formalized a Whistleblowing Policy to maintain and achieve a high standard of corporate governance, business integrity and its Code of Conduct.

The Board encourages employees and associates to report any genuine concerns about misconduct, wrongdoings, corruption and instances of fraud, and/or abuse that they encounter involving the interests of the Company and to provide protection for its employees and associates who report such allegations. The Whistleblowing Policy established by the Group provides an avenue for all parties to report any known malpractices/wrongdoings.

The Whistle-Blowing Policy is available on the Company's website at www.straits-energyresources.com.

1.9 Anti-Bribery and Corruption Policy

In compliance with the Corporate Liability Provision Section 17A of the Malaysian Anti-Corruption Commission Act 2009 enforced on 1 June 2020, and guided by the principles of the Ministerial Guidelines and Rule 15.28 of the AMLR in relation to anti-bribery, the Board has adopted its Anti-Bribery and Corruption Policy and Procedures ("ABC") in order to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations.

The ABC provides guidance to all employees of the Group relating to specific acts of bribery and corruption and also related matters such as proper reporting and accounting.

Part 2 : Board Composition

2.1 Composition of Board

The MCCG emphasizes the importance of right Board composition in enhancing the Board decision making process and the transparency of policies and procedures in selection and evaluation of Board members.

In accordance with Clause 21.1 of the Company's Constitution, unless otherwise determined by General Meeting, the number of directors shall not be less than two (2) nor more than twelve (12).

As at 31 March 2022, the Board has seven (7) Directors comprising two (2) Executive Directors, three (3) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.1 Composition of Board (cont'd)

The present composition of the Board is in compliance with Rule 15.02 of the AMLR whereby at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, are independent directors.

The present Board composition comprises Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals from a diverse but related range of professional fields that are relevant to the Group's business goals and requirements to enable the Board to carry out its responsibilities effectively.

The accumulation of expertise and experience as well as the nurturing of an open and transparent discussion environment during Board meetings, have help to ensure healthy discussion and deliberation on Company's matters.

Profile of each director are presented on pages 14 to 21 of this Annual Report.

2.2 Presence of the Independent Directors

The presence of the Independent Non-Executive Directors provides guidance, independent views, advice and judgement in ensuring that the strategies proposed are discussed and examined. This provides a balance in the Board to safeguard the interest of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

2.3 Tenure of an Independent Director

The Board through its NRC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the AMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda.

Annual appraisals on the Independent Directors are also conducted via a self-assessment questionnaire to be filled up by each Independent Director and submitted to the NRC before recommending to the Board on its composition.

The Board will continuously evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criteria set out in the AMLR.

As at to-date, the tenure of all our Independent Directors does not exceed nine (9) years.

2.4 Diversity of Board and Senior Management

The Board is supportive of diversity on the Board and in the Senior Management Team. Appointment of members of the Board and the Senior Management Team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Board, when making appointments, will consider skills and experience needed as well as gender balance to expand the perspective and capability of the Board as a whole.

The Board does not set any specific target for female Directors on the Board but will actively work towards having more female Directors on the Board. This similarly applies to Senior Management Team.

The Group has, at all times, practices non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background or geographic region when selecting Board member and Senior Management Team.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.5 Time Commitment of the Directors

The Board conducts at least four (4) scheduled meetings annually, with special meetings convened as warranted by specific circumstances. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

During the FYE 2021, the Board had convened a total of eight (8) Board meetings for the purposes of deliberating on the Company's quarterly financial results and discussing other strategic and important matters and all the said meetings were conducted virtually in light of the COVID-19 pandemic.

During the Board meetings, the Board reviewed the operations and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members were invited to attend some of the Board meetings to provide the Board with their views and clarifications on issues raised by the Directors.

To the best of their ability, the members of the Board have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FYE 2021.

The attendance of Directors during the FYE 2021 is set out below:-

No	Name of Directors	Board	AC	NRC	BRCC
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah Non-Independent Non-Executive Chairman	5/8 (63%)	Not Member	Not Member	Not Member
2.	Dato' Sri Ho Kam Choy Group Managing Director	8/8 (100%)	Not Member	Not Member	Not Member
3.	Capt Tony Tan Han (Chen Han) Executive Director	8/8 (100%)	Not Member	Not Member	Not Member
4.	Ho Fook Meng Independent Non-Executive Director	8/8 (100%)	6/6 (100%)	1/1 (100%)	11/11 (100%)
5.	Leong Fook Heng Independent Non-Executive Director	8/8 (100%)	6/6 (100%)	1/1 (100%)	10/11 (91%)
6.	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent Non-Executive Director	8/8 (100%)	6/6 (100%)	1/1 (100%)	11/11 (100%)
7.	Puan Harison Binti Yusoff Non-Independent Non-Executive Director	7/8 (88%)	Not Member	Not Member	Not Member

Note:-

All Directors do not hold more than 5 directorships as required under Rule 15.06 of the AMLR.

The attendance of all the Directors at Board meetings held during the FYE 2021 surpassed the minimum requirements stipulated under the AMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.6 Directors' Training Programme

The Board recognizes that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas related to their duties and to themselves with the necessary skills and knowledge to meet the challenges faced by the Board.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and courses as appropriate to maintain the skills required to discharge their obligations to the Group.

As at the date of this Annual Report, the training programmes and seminars attended by the Directors are as follows:-

No	Name of Director	Training/Seminar/Programmes Attended	Date
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	• Update on latest MCCG • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 03/02/2021
2.	Dato' Sri Ho Kam Choy	• Update on latest MCCG • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 03/02/2021
3.	Capt Tony Tan Han (Chen Han)	• Update on latest MCCG • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 03/02/2021
4.	Ho Fook Meng	• Update on latest MCCG • Audit Oversight Board (AOB) Conversation with Audit Committees • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 06/12/2021 03/02/2021
5.	Leong Fook Heng	• Update on latest MCCG • Audit Oversight Board (AOB) Conversation with Audit Committees • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 06/12/2021 03/02/2021
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	• Update on latest MCCG • Audit Oversight Board (AOB) Conversation with Audit Committees • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 06/12/2021 03/02/2021
7.	Puan Harison Binti Yusoff	• Update on latest MCCG • Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	18/04/2022 03/02/2021

All our Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.7 Nomination & Remuneration Committee ("NRC")

(a) The Board had established an NRC comprised majority of Independent Non-Executive Directors as follows:-

Chairman	:	Ho Fook Meng Independent Non-Executive Director
Member	:	Leong Fook Heng Independent Non-Executive Director
Member	:	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent Non-Executive Director

The Company Secretary is the Secretary to the NRC.

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

(b) The NRC is empowered by the Board to amongst others, identify and recommend to the Board suitable candidates for appointment to the Board and Board Committees, re-election and re-appointment of Directors, and review the independence of Independent Directors as well as considering the Board's succession planning and training programme.

(c) Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process. Review of candidates for Board appointment has been delegated to the NRC.

NRC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience

The NRC shall evaluate candidates on the aspect of their:

- Professionalism, Integrity, Commitment and Ethics
- Age, Skills, Knowledge, Expertise and Experiences
- Judgement and Decision Making
- Such other factors which would contribute to the Board's collective skills
- For position of Independent Non-Executive Director, the candidates' abilities to discharge such responsibilities/ functions independently as expected from the Independent Non-Executive Director

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, Senior Management Team or major shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.7 Nomination & Remuneration Committee ("NRC") (cont'd)

(d) A summary of the activities undertaken by the NRC in the discharge of its duty for the FYE 2021 up to 18 April 2022 are as follows:-

1) Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director including the performance of the Executive Directors;

2) Reviewed and recommended the re-election of Directors who were due for retirement by rotation;

3) Assessed and recommended for Board's consideration, the appointment of additional Director in the subsidiary's Board;

4) Reviewed and recommended the Board Composition;

5) Assessed the independence of the Independent Directors;

6) Reviewed and assessed the mix of skills, knowledge, industry experience, age, cultural background, gender and other distinctions among the Directors;

7) Assessed the training needs of Directors and identify suitable training programmes for Directors;

8) Reviewed the terms of office and performance of the AC and each of its members; and

9) Reviewed and recommended Directors' Fees and benefits payable to Non-Executive Directors to the Board for recommendation.

2.8 Retirement and Re-election of Directors

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

The re-election of Directors will be tabled for shareholders' approval at every Annual General Meeting ("AGM"). To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of the Directors standing for re-election is disclosed in the Annual Report.

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

1) Ho Fook Meng
2) Harison Binti Yusoff

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Board Composition (cont'd)

2.9 Annual Assessment/Evaluation

The Board undergoes an annual assessment to review its performance via feedback obtained through an electronically deployed questionnaire.

The Board has formal assessment processes covering Board Assessment, Board Skills Matrix, Individual Directors Assessment, Board Committee Self and Peer Assessment, and Assessment of Independence of Independent Directors. Individual Directors undertook a self and peer assessment in respect of their contributions and performance, caliber and personality.

This performance assessment is overseen by the NRC.

The annual Board assessment provides useful insights on the strengths and weaknesses of the Board, the Board Committees and individual Directors, which facilitates improvement of its members to raise the bar on performance for a more progressive Board.

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

- the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, credibility and with necessary knowledge, experience and qualifications to enable the Board to discharge its responsibility effectively.
- all Board Committees members have discharged their duties with care and diligence according to the respective TOR.
- The overall performance of our Board, Board Committees and individual Directors were found to be satisfactory.
- The efficacy of our Board Chairman and the proactiveness of Directors were highlighted as areas of strength.

Based on the assessment findings, our Board noted that there is headroom for improvement in monitoring strategy execution, risk management, and engaging further on current issues faced by the Group.

Part 3 : Remuneration

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

3.2 The remuneration policy of the Company was established to attract, motivate and retain Directors with the relevant experience, qualifications and expertise required to assist in managing the Company effectively. The reward levels commensurate with the competitive market and business environment in which the Company operates while being reflective of the person's experience, level of responsibilities and linked to corporate performance, where applicable, and consistent with the Company's culture, objective and strategy, in particular.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 3 : Remuneration (cont'd)

3.3 The remunerations of Executive Directors will be determined based on the Company's performance and profitability, the prevailing market conditions and the performance of individual Directors, while the remuneration for Non-Executive Directors is based on their contribution and level of responsibilities.

The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to s Non-Executive Directors is subject to the approval of the shareholders at a AGM.

3.4 The determination of Directors' fees for all Non-Executive Directors is a matter for the Board as a whole. The Non-Executive Directors receive fixed fees and meeting allowance.

3.5 The Board applies Practice 8.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown.

3.5.1 The details of the remuneration of Directors of the Company for FYE 2021 are as follows:

COMPANY LEVEL

Non-Executive Directors

No	Name	Fees RM	Allowance RM	Total RM
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	54,000	4,000	58,000
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	48,000	21,600	69,600
3.	Leong Fook Heng	48,000	20,800	68,800
4.	Ho Fook Meng	48,000	21,600	69,600
5.	Harison Binti Yusoff	48,000	6,400	54,400
	Total	**246,000**	**74,400**	**320,400**

COMPANY LEVEL

Managing Director and Executive Directors

No	Name	Salaries RM	Bonus RM	EPF RM	Benefit in Kind RM	Total RM
1.	Dato' Sri Ho Kam Choy Group Managing Director	360,000	30,000	46,800	923	437,723
2.	Capt Tony Tan Han (Chen Han) Executive Director	-	-	-	-	-
	Total	**360,000**	**30,000**	**46,800**	**923**	**437,723**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 3 : Remuneration (cont'd)

3.5 The Board applies Practice 8.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown. (cont'd)

3.5.1 The details of the remuneration of Directors of the Company for FYE 2021 are as follows: (cont'd)

GROUP LEVEL

Non-Executive Directors

No	Name	Fees RM	Allowance RM	Total RM
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	294,000	11,008	305,008
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	288,000	28,800	316,800
3.	Leong Fook Heng	48,000	20,800	68,800
4.	Ho Fook Meng	48,000	21,600	69,600
5.	Harison Binti Yusoff	48,000	6,400	54,400
	Total	**726,000**	**88,608**	**814,608**

GROUP LEVEL

Managing Director and Executive Directors

No	Name	Fee RM	Salaries RM	Bonus RM	EPF RM	Benefit in Kind RM	Total RM
1.	Dato' Sri Ho Kam Choy Group Managing Director	36,000	720,000	60,000	93,630	2,097	911,727
2.	Capt Tony Tan Han (Chen Han) Executive Director	-	591,042	-	50,169	-	641,211
3.	Ho Hung Ming Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin	-	192,000	16,000	24,876	1,173	234,049
	Total	**36,000**	**1,503,042**	**76,000**	**168,675**	**3,270**	**1,786,987**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 3 : Remuneration (cont'd)

3.5 The Board applies Practice 8.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown. (cont'd)

3.5.2 Pursuant to Practice 8.2 of the MCCG, the Key Senior Management's total remuneration inclusive of salary, bonus and other emoluments in bands of RM50,000.00 are disclosed as follows:

Range of Remuneration per annum (RM)	Key Senior Management
RM 50,000 and below	-
RM 50,001 - RM 100,000	-
RM 100,001 – RM 200,000	3
RM 200,001 – RM 300,000	-
RM 300,001 – RM 400,000	2
More than RM 400,000	-

The Company has not disclosed on a named basis the top five senior management's remuneration component, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 as the Board believes that such disclosure on a named basis may be detrimental to the Company's interests as this may cause unnecessary unease among senior management personnel should they compare their remuneration against those listed in the Annual Report. Moreover, our caliber employees may be subject to poaching by rival companies.

As an alternative, the Board is of the view that the disclosure of the remuneration paid to the top five (5) Key Senior Management for the FYE 2021 on unnamed basis in the bands of RM50,000.00 is adequate.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

Part 1 : Audit Committee ("AC")

1.1 Chairman of AC

The Chairman of the AC is not the Chairman of the Board. The Company complied with Practice 9.1 of the Code which stipulated that the Chairman of the AC is not the Chairman of the Board. The AC is chaired by an Independent Non-Executive Director, Leong Fook Heng who is not the Chairman of the Board.

1.2 Former Key Audit Partner

The Company had adopted an External Auditor's Assessment Policy which stated that a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 1 : Audit Committee ("AC") (cont'd)

1.3 External Auditors

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

The AC has adopted an External Auditors Assessment Policy which lays down the criteria to be considered in the selection, appointment and re-appointment of the External Auditors, the need to obtain written assurance from the External Auditors confirming that they are, and have been, professionally independent throughout the conduct of the audit engagement in conformity with all regulatory requirements and practices.

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.

1.4 Financial Literacy of AC Member

The AC comprises three (3) members, majority of whom are Independent Non-Executive Directors. Collectively, the members of the AC are financially literate and able to perform their duties and discharge their responsibilities.

Additionally, the AC Chairman, Leong Fook Heng has vast experience and skills in accounting and finance as well as other fields of expertise, and are highly-qualified to review the accuracy of the Group's financial reporting prior to recommending the same to the Board for approval. He is also a member of the Malaysian Institute of Accountants.

The duties and responsibilities of the AC which are guided by its terms of reference, is available at the Company's corporate website at www.straits-energyresources.com.

The full details of the composition, attendance of each member of the AC at meetings and summary of the activities of the AC during the financial year are set out in the Report of the AC on pages 28 to 33 of this Annual Report.

Part 2 : Risk Management and Internal Control Framework

2.1 The Board is cognizant of its overall responsibility in establishing and maintaining sound risk management and internal control system as well as reviewing its adequacy and effectiveness. The governance structure that is in place provides reasonable assurance of the effectiveness of the Group's business operations and risk management to safeguard shareholders' investments and the Group's assets as well as to ensure its sustainability.

2.2 The Board fulfils its responsibilities in the risk governance and oversight functions through the BRCC in order to manage the overall risk exposure of the Group. The BRCC ensures that the risk management is embedded in the Group's business operations by continuously reviewing the risk management policies and procedures.

2.3 The Board is assisted by the BRCC and AC for managing and overseeing the risk management and internal control systems respectively of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 2 : Risk Management and Internal Control Framework (cont'd)

2.4 The BRCC is currently chaired by a Non-Independent Non-Executive Director with two (2) other members, both of them are Independent Non-Executive Directors.

The BRCC assists the Board to oversee the risk management matters relating to the activities of the Group. The BRCC reviews the risk management framework and processes to ensure that they remain relevant for use and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

2.5 Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional services firm, namely Tricor Axcelasia Sdn. Bhd., to carry out internal audit on the Group.

The Internal Auditors report directly to the AC. Internal audit reports are presented, together with audit findings and recommendations as well as Management's response and proposed action plans, to the AC on a quarterly basis.

The key activities covered by the internal audit function during the financial year under review is provided in the AC Report as set out on page 28 to 33 of this Annual Report.

Details of the internal audit function together with the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report from page 51 to 56 of this Annual Report.

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

Part 1 : Engagement with Stakeholders

1.1 The Board believes that clear and consistent communication encourages better appreciation of the activities and further allows the business and its prospects to be better understood and evaluated by the shareholders.

1.2 The Board is committed to adequate and timely disclosure of information whether financial, organizational, governance or transactions related, to enable stakeholders to assess the Group's performance.

1.3 The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's Annual Reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

Part 1 : Engagement with Stakeholders (cont'd)

1.4 The Board has established a dedicated section for corporate information on the Company's website (www.straits-energyresources.com) where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details of designated person to address any queries.

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

Part 2 : Conduct of General Meetings

2.1 The AGM is the annual forum for shareholders' engagement and communication. Notice of the 24th AGM in 2021 was issued not less than 21 days before the AGM to ensure sufficient time for our shareholders to plan for their attendance and if required, lodge their proxy form.

2.2 Our 24th AGM held on 24 June 2021 and Extraordinary General Meeting ("EGM") held on 19 January 2022 were conducted virtually through live streaming via Remote Participation and Voting ("RPV") facilities and afforded an opportunity to our shareholders, particularly individuals not residing in the Klang Valley, to participate and vote at our AGM and EGM respectively (including submitting questions directly to our Board both prior to and during the AGM).

All our Board members including our Group MD and Senior Management Team attended the AGM and EGM online and responded to questions raised by shareholders.

Voting at the AGM and EGM was carried out by way of e-polling. Our Company appointed its share registrar, Tricor Investor & Issuing House Services Sdn Bhd as poll administrator to conduct the poll while Asia Securities Sdn Bhd was appointed as an independent scrutineer to verify the poll results.

Our decision to hold a virtual AGM and EGM in 24 June 2021 and 19 January 2022 respectively are driven by the prevalent COVID-19 pandemic and our objective to ensure the safety of all individuals, in accordance with the latest Guidance on the Conduct of General Meetings by Listed Issuers issued by the Securities Commission. We also wish to comply with the standard operating procedures issued by Majlis Keselamatan Negara ("MKN").

This statement was made in accordance with a resolution of the Board of Directors dated 22 April 2022.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

in respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act 2016 (“CA 2016”) in Malaysia.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as at 31 December 2021.

In preparing the financial statements for the financial year ended 31 December 2021, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair. The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

The Directors have ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group’s latest performance and developments.

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

The statement is made in accordance with a resolution of the Board of Directors dated 22 April 2022.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Straits Energy Resources Berhad (formerly known as Straits Inter Logistics Berhad) ("Straits" or "the Company") is pleased to present the Statement on Risk Management and Internal Control ("SORMIC") for the Financial Year Ended ("FYE") 31 December 2021 made in compliance with paragraph 15.26 (b) of the ACE Market Listing Requirements ("AMLR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 10.1 and 10.2 of the Malaysian Code of Corporate Governance ("MCCG") 2021 (Updated as at 28 April 2021).

RESPONSIBILITY OF THE BOARD

The Board acknowledges its responsibilities to ensure the adequacy and effectiveness of the Group's risk management framework and internal control in all aspects of the Group business not only in financial and compliance aspects but also in terms of operations as well. This covers the establishment of the risk appetite, reviewing the adequacy and effectiveness of the current risk management framework and internal control system based on the Group's corporate objectives, strategies and nature of the Group's business in the changing business environment.

The Board is mindful of the fact that the system of internal control is designed to manage rather than to eliminate all risks that could impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

The Board delegates to the Board Risk & Compliance Committee ("BRCC") and Audit Committee ("AC") the task to identify and assess the risks faced by the Group, and thereafter design and implement appropriate internal controls to mitigate and address those risks.

Both the BRCC and AC assist the Board to oversee the management of all identified material risks including review of the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by the Management to obtain the level of assurance required by the Board.

The BRCC's authority and duties are governed by its Terms of Reference ("TOR"), which available on the Company's corporate website at 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 Non-Independent Non-Executive Director	Chairman
2.	Leong Fook Heng Independent Non-Executive Director	Member
3.	Ho Fook Meng Independent Non-Executive Director	Member

There were eleven (11) BRCC meetings held during the FYE 31 December 2021 to discuss key risks and the relevant mitigating controls.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

RISK MANAGEMENT

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.

The Group has adopted a Risk Management Framework ("Framework") that provides a comprehensive approach for the Group to adopt in order to identify and manage risks which could be prevented, to effectively achieve its business goals and strategies.

The Group also adopts the Enterprise Risk Management Policy ("ERM Policy") which is designed to manage risks in an integrated, systematic and consistent manner. The risk assessment methodology adopted by the Group, which is guided by the globally accepted standard for risk management i.e. International Risk Management Standard ISO 31000:2018 Action Plans. In 2020, the ERM policy was reviewed and changed from current key risk areas to sources of risks.

The Corporate Risk Register developed is continuously updated by Key Senior Management and Heads of Department to manage identified risks within defined parameters and standards. The Risk Management Committee ("RMC") comprising of members of the Management team meets on bi-annual basis to review, identify and assess key risks facing the Group within the boundaries set by the ERM Policy, prior to escalation to the BRCC.

Supporting the RMC in its roles are the Risk Management Reporting Satellite who are representatives from the respective sections of the Group and business units, who will be responsible for identifying, evaluating, managing and monitoring key risks. The responsibility for day-to-day risk management resides with the Management of each function/business unit where they are the risk owners and are accountable for managing the risks identified and assessed.

An annual Risk Register is formalized, with identified Heads of Departments being responsible for setting up action plans to manage and mitigate the risks to be completed within an agreed timeframe.

Risks identified are evaluated by examining the potential impact on the Group if a risk crystallized as well as the likelihood of occurrence. The risk level is rated as low, medium or high accordingly.

As the COVID-19 pandemic continues to pose challenges to the global business environment since its outbreak in March 2020, the economy outlook remains highly uncertain with the continuous mutation of the COVID-19 virus.

With the majority of the Group's businesses being classified as essential services, the Group is able to continue operating and concurrently complying with the Standard Operating Procedures ("SOPs") to ensure the safety and wellness of its employees and also to ensure the continuous growth and smooth execution of its expansion programs.

To manage the above-mentioned challenges, management continues to drive the Group's finance and cash flows prudently; focus on improving operational and cost efficiency; and ensures that the SOPs for prevention of virus infection and vaccination are being complied.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

RISK MANAGEMENT PROCESS

The risk management process in which each key risk areas are identified, assessed, monitored, reviewed, and managed are as follows:-

- Identification of key risk areas and the assessment as to their impact and likelihood of occurrence are carried out through brainstorming and discussion
- Prioritization of key risk areas
- Risks are managed through formulation of risks strategies
- Risk monitoring

Management acknowledges that they are responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and for taking appropriate and timely corrective or mitigating actions as needed. Management has further assured the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The risk profile of the Group has been established based on the enterprise risk management concept with significant risks identified and regular reviews of key risks indicators and risk mitigation plans.

Through this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of each business units have been presented to the BRCC for their deliberation. The outcome of the BRCC meetings are reported to the Board meeting.

At the Board level, the Board deliberated strategic business issues and action plans in its periodic board meetings and noted various management review meetings covering status of action plans held at the management level. By doing so, the Board ensures that their decisions are communicated, understood and managed effectively by management.

KEY FEATURES OF INTERNAL CONTROL

The Group's Internal Control Framework guides the company towards developing an effective and efficient internal control system in mitigating risks to an acceptable level, and support sound decision making and governance of the Group.

The key elements of the Group's system of internal control, policies and procedures that are in place are as follows:

1. There is in place an organization structure, which defines reporting lines, job responsibilities and segregation of duties.

2. Delegation and separation of responsibilities between the Board and management and the establishment of various Board Committees and the presence of independent directors to overseeing the financial, compliance and operational performance of the management.

3. The Group has clear limits of authority via its Delegation of Authority Limit ("DAL") which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with changes in the organization.

4. Established strategic planning and budgeting process, where all operating units to prepare annual operating budget including capital and manpower budgets which are reviewed and approved by the Board.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

KEY FEATURES OF INTERNAL CONTROL (cont'd)

5. Policies and procedures of operating units and functional divisions are established, documented and updated regularly to ensure compliance with internal controls and relevant laws and regulations, as well as meeting the changing business environment.

6. AC reviews the quarterly financial results, audited financial statements and internal control issues identified internally and by the Internal Auditors. The AC also monitors the implementation of the recommendations, if any, proposed by the Internal Auditors.

7. Internal audit function includes performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Group. The AC reviews the Internal Audit Reports and highlights to the Board on its activities, findings and recommendations.

8. Monitoring of actual results against budget and previous year performance (quarterly) with detailed explanation on material variances and their corrective measures undertaken.

9. The Board had in November 2021, reviewed and approved the amended Anti-Bribery and Corruption ("ABC") Policy and Whistleblowing Policy of the Group. The amendments are to strengthen the Anti-Corruption Policies and Procedures on provision of Gifts, Entertainment and Hospitality ("GEH"). This implementation is to uphold good corporate governance and to prevent, detect and respond to bribery and corruption risks.

10. The External Auditors independently test certain internal controls as part of their audit of the financial statements, and provide recommendations on significant findings detected. Management takes appropriate action on these internal control recommendations.

11. Human Resource Management and Development

    The Group has established an Employee Handbook for its employees which aims to provide general employment information to help employees familiarize themselves with the Company. It serves as a communication guideline and reference for the Company to its employees in promoting a harmonious, safe and healthy work environment and provide employees with a positive experience throughout their employment with Straits Group.

    The Employee Handbook contains amongst others:-

    - General conditions of Employment
    - Employee Code of Ethics and Conduct
    - Employment Benefits

12. Related party transactions are disclosed, reviewed and monitored by the Board on a periodic basis.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm i.e. Messrs. Tricor Axcelasia Sdn. Bhd ("Axcelasia"). The Internal Audit ("IA") Function is carried out based on the Outsourced Internal Auditor's own internal audit approach, which is closely consistent with the International Professional Practice Framework ("IPPF") of the Institute of the International Auditors.

The Board obtains sufficient assurance of the effectiveness of risk management, internal control and governance processes in the Group, through regular reviews and appraisals conducted by Axcelasia, which reports directly to the AC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

INTERNAL AUDIT FUNCTION (cont'd)

The AC determines the adequacy of the scope, function and resources of the internal audit function as well as the competency and independence of the Outsourced Internal Auditor.

During the year, the IA has carried out audits on key operating units within the Group according to the risk based annual audit plan approved by the AC. The IA function uses a risk-based approach to determine the priorities of IA activities, consistent with the strategies of the Group.

Existing controls in managing the identified risk are evaluated for its adequacy and effectiveness. Improvement measures are recommended to strengthen controls. IA reports are presented to the AC highlighting findings, areas for improvement, recommendations and agreed action plans to improve the system of internal controls.

Follow-up reviews on previous audit recommendations are performed to assess the status of implementation and the results of such reviews are reported to the AC on a regular basis as well as any residual risks assessment after follow-up closures.

Details of the IA function activities undertaken during the FYE 2021 are provided in the AC Report on page 28 to page 33 of this Annual Report.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

The Group Managing Director ("Group MD"), Executive Directors, Chief Executives and Management are responsible to the Board for :-

1. Identifying risks relevant to the business of the Group's objectives and strategies;
2. Designing, implementing, maintaining sound systems of risk management, and monitoring risk management action plan in accordance with the Group's risk appetite and objectives;
3. Assuring the effectiveness and adequacy of the risk management and internal control systems; and
4. Monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's achievement of its objective, strategies, and performance.

BOARD ASSESSMENT

The Board has reviewed the effectiveness, adequacy, and integrity of the system of risk management and internal control in operation during the financial year through the monitoring process set out above. There were no material losses incurred during the current financial year arising from the weaknesses in internal control. Management continues to take measures to strengthen the control environment.

The Board has received assurance from the Group MD and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all significant material aspects.

The Board remains committed to ensuring that appropriate initiatives and active measures are taken to enhance the system of internal control to safeguard the shareholders' investment and the Group's assets.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the AMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

This Statement was approved by the Board on 22 April 2022.

SUSTAINABILITY STATEMENT

It is with great pleasure we present Straits Energy Resources Berhad's (formerly known as Straits Inter Logistics Berhad) ["Straits" or "the Group"] Annual Sustainability Statement which serves to tell the story of how the Group has contributed towards managing our Environmental, Social and Governance ("ESG") values in the reporting period.

Our Sustainability Report 2021 is in accordance with Bursa Malaysia's requirements and its Sustainability Reporting Guidelines.

Aligning with the Government's focus towards ESG, the Group continues to carry and expand its business operations in a sustainable and responsible manner. The Group focuses on sustainability principles when formulating and implementing business strategies, decision makings and operational executions to achieve its goals.

Through this Sustainability Statement, the Group provides its stakeholders a better understanding of its strategic approach to create sustainable long-term value for the Group as well as our stakeholders.

Over the past two years, the world has experienced unimaginable hardships and losses due to the COVID-19 pandemic. Since the outbreak, our team has demonstrated resiliency, flexibility and dedication. Despite the unprecedented challenges brought about by the pandemic, we have remained resolute in our mission to invest in the communities where we operate, nurture our employees and fulfil our customers' needs.

PERIOD & SCOPE OF REPORTING

The reporting period aligns with our fiscal year, from 1 January 2021 until 31 December 2021, and focuses on the main business activity of the Group.

GOVERNANCE STRUCTURE

Our Sustainability Management Committee ("SMC") which comprises key management personnel with direct reporting to the Group Managing Director ("Group MD") is to provide leadership and direction for the implementation of sustainability initiatives and reporting throughout the Group.

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

STAKEHOLDER ENGAGEMENT

We recognize the value of interacting with our stakeholders since their feedbacks are critical in keeping our sustainability activities on track with our goal to achieve stakeholders' expectations while reinforcing our relationships with them.

At Straits, we communicate with our stakeholders through a variety of channels to identify and prioritize concerns.

The Company carries out the following engagements with the respective stakeholders where communication methods are regularly assessed through information requests to ensure they are transparent and effective.

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholder Group	Engagement Methods	Stakeholders' Concerns
Employees	● Business Unit Meetings ● Management & Operational Meetings ● Informal periodic departmental meetings ● Training programmes ● Whistle-blowing channel ● Company Dinners & Functions ● e-Bulletin board, newsletter ● Annual Performance appraisal	● Work life balance ● Safe and conducive workplace ● Career enhancements ● Job security ● Fair HR policies and practices ● Equitable treatment irrespective of gender, age, ethnicity, nationality or religion
Client/Customers	● Site visit ● One-to-one meeting ● Social media engagement ● Marketing events + customer promotions ● Annual Survey & Feedback ● Complaints channel ● Regular Audits ● Customer feedback via customer satisfaction survey ● Website, social media	● Market outlook ● Product Quality & Risk ● Protection of customer privacy ● Product risk ● Service quality management ● Business continuity ● Customer satisfaction
Suppliers/Contractors / Vendors	● Supplier assessment review and performance ● Tendering process ● Supplier/Vendor Registration ● Business Meetings ● Site Visits	● Fair procurement practices ● Transparent Vendor Selection Process ● Prompt Payment schedule ● Sustainable supply chain management ● Maintaining good relationship
Shareholders or Investors	● Annual General Meetings ● Announcement of financial results and other material matters on Bursa Malaysia's platform ● Analyst Briefing ● Annual Report ● Press releases ● Company's website	● Business risks ● Corporate Governance ● Accurate and timely disclosure ● Future direction ● Financial Performance ● Corporate governance ● Ethical business conduct ● Dividend
Regulatory Authorities	● Active participation in industry Associations ● Meetings with Government Agencies ● Regular Audits & Inspections ● Updating and renewal of permits & license ● ISO and OHSAS certificate compliance ● Timely disclosure of corporate and financial activities	● Compliance with laws and regulations ● Approvals and permits Standards and certifications
Communities	● Community engagement programmes ● Internship programme ● CSR Activities	● Livelihood ● Community wellbeing ● Employment opportunity ● Responsible corporate citizen

SUSTAINABILITY STATEMENT
cont'd

KEY SUSTAINABILITY MATTERS

1. Environmental Sustainability

The effective and efficient management of resources is a key component for environmental sustainability and protecting our natural environment and ecological systems.

Our commitment to safeguarding the environment underpins the way we work every day. We strive to manage our environmental impacts to remain in full compliance with regulations. We are mindful of our impact in relation to biodiversity, climate change, energy use, air emissions and waste management.

We devote ourselves to preventing pollution, energy savings and reducing carbon, and protecting the earth by putting in place strict standards and operation procedures in every area of environmental protection and pollution prevention.

A range of pollution risks are associated with our activities. These include risks related to planned and unplanned discharges and waste management. We strive to continually operate in a safe manner to avoid spills, leaks or accidental discharges of polluting materials.

Across the Group, we dedicate significant staff and resources to help ensure compliance with environmental laws and regulations, international standards and voluntary commitments.

We are committed to complying with all environmental laws and regulations and therefore adhere to all monitoring requirements which are part of our Environment Impact Assessment ("EIA"), MARPOL (International Convention for the Prevention of Pollution from Ships) , licenses and permits.

Being in the maritime and transport industry, we ensure all our vessels and lorries are compliant with the statutory requirements related to Marine Pollutions Regulation and Road Transport Department's Regulations respectively.

There was no incident of non-compliance with environmental laws and regulations and we have not been penalized or fined for any environmental violation for Financial Year ("FY") 2021.

2. Business Performance

We are aware that the value created by the Group has an impact on the well-being of the economy.

FY2021 was definitely a remarkably challenging year for most businesses because the COVID-19 pandemic presented significant challenges to the global and domestic economy. Nevertheless, Straits not only manage to adapt and sustain its business throughout but also thrived in overcoming the challenging environment.

We are pleased to announce that Straits had recorded a higher revenue in FY2021 despite the business shutdown both locally and regionally. It is worthwhile to note that the Group has made unremitting efforts i.e. focus on costs efficiency, exploring new markets and developing new ventures in order to achieve better profits and growth of the business.

For details and analysis of our financial results, please refer to Management Discussion and Analysis on pages 8 to 13 of this Annual Report.

3. Customer Satisfaction

We place strong emphasis on delivering quality services that consistently met our customers' satisfaction.

Additionally, we regularly seek feedback from our customers to obtain deep understanding of their needs, as we strive to improve our market position and competitiveness. We also promote a culture of open communication, trust and reliability to build strong relationships with our customers.

SUSTAINABILITY STATEMENT
cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

3. Customer Satisfaction (cont'd)

Knowing exactly our customers' expectation will assist us in improving our bottom line and strengthening our reputation for the long term and these feedbacks provide insights in customer expectations that enable us to develop and deliver better products and services.

Due to the COVID-19 pandemic and our commitment to the safety and health of our people and community at large, we have shelved customer engagement events until a more appropriate time.

We are still accessible via our website and we welcome any communication with our customers as we believe they are the key drivers behind our success.

4. Corporate Governance

Corporate governance is essential to the overall sustainability of our Group. It ensures each and every element of the Group operates as it should and all our stakeholders are treated fairly and justly in their dealings with us.

We aspire to be transparent and conduct our business in an ethical and principled way to achieve long-term success and sustainable growth as well as to ensure trust amongst shareholders and investors.

Strengthening Anti-Corruption and Corporate Integrity

Beyond good environmental and social performance, the sustainability of the organization is underpinned by the leadership's commitment towards accountability, transparency and corporate integrity, non-discrimination and equal opportunity based on merit.

In FY2021, the policy has been cascaded to Straits value chain towards further embedding the anti-corruption stance among suppliers, vendors, contractors and business partners. All vendor documentation come with anti-corruption clauses that stipulates what is deemed to be as unacceptable or corrupt practices and also the penalties that vendors face, including dismissal or being reported to the legal authorities if necessary.

Business Conduct

The combination of ethical business conduct and sound corporate governance are fundamental to the achievement of our objectives to expand our business and enhance stakeholders' value. It is the Group's policy to conduct business in a fair, honest and transparent manner.

5. Occupational Safety and Health at the Workplace

Occupational safety and health ("OSH") at the workplace have always been a prime consideration for Straits. The Company strictly complies with the relevant legislation and are proud to note that we are certified to the ISO 45001:2018 Occupational Health and Safety Management System, ISO 9001:2015 Quality Management Systems ("QMS") having met the requirements and undergo surveillance audits by regulatory agencies and certification body.

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").

As safety is the key element of our organizational culture, we continue to emphasize, maintain and cater a safe work environment for our workforce. Straits is attentive in creating a safe and healthy workplace by eliminating work-related injuries and illness.

SUSTAINABILITY STATEMENT
cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

5. Occupational Safety and Health at the Workplace (cont'd)

Our Health, Safety and Environment ("HSE") Policy is implemented through defined objectives and targets in achieving and sustaining:

- The safe and healthy working environment
- The prevention and elimination of work-related injuries and illness
- The prevention of pollution to the environment from our activities
- The compliance with legal and other requirements related to health, safety and environment

In response to the COVID-19 pandemic, several measures were taken to minimize the risk of infection to our onshore and offshore personnel.

The following precautions and measures were introduced to mitigate the risk:-

- Use of masks
- Social distancing markers everywhere. Ensure physical separation i.e. minimum distance of one meter
- Performing temperature checking
- Work from Home ("WFH") for some employees
- Providing face masks and hand sanitizers to all employees
- Enhanced cleaning
- Carrying out sanitizing activities
- Conducting virtual meetings and discussions to minimize travels and physical contacts
- Restrict visitors unless necessary

6. Suppliers and Vendors

Supplier and vendors are selected through selection and tender processes from time to time. Straits has formalized a standard operating procedure to support the procurement process in the Group emphasizing on satisfactory quality of products and services with competitive pricing. The procurement department is responsible of all tendering processes and the selection of sub-contractors and suppliers are based on appropriate synergy of technical, financial, pricing and quality of service criterions.

Moving forward, we are committed to assessing not just against criteria such as quality of services, technical expertise and Health, Safety, Security and Environment ("HSSE") but also the environmental impacts from our suppliers' operations as a way of enhancing the overall assessment process and improving the sustainability of our supply chain.

7. Human Capital

Employee's performance, commitment and loyalty to the job are critical not only in achieving the Group's vision and mission, but also for its long-term survival and sustainability.

The Group maintains a workplace environment that provides clear and equitable paths for talent development and recognizes employee value based on fair and transparent assessment of work merit.

The Group is cognizant that competitive and fair remuneration forms an important component in attracting talent and retaining employees. At the same time, the Group appreciates the motivational value of non-monetary benefits to employees. As such, the Group offers a remuneration and benefits package comprising a balance of monetary and non-monetary rewards to its employees.

SUSTAINABILITY STATEMENT
cont'd

KEY SUSTAINABILITY MATTERS (cont'd)

7. Human Capital (cont'd)

At present, there remains a disproportion in term of gender parity with male employees still constituting a large composition of the workforce. This is expected as our business nature, in particular for offshore operations, typically requires more labor-intensive work demands, which are customarily not preferred by many women.

However, both men and women are accorded equal opportunity to apply to any available job position with appointment based purely on merit. The disproportion between male and female employees is considerably lower when considering the employee gender profile for office jobs.

At Straits, we also expose our team to numerous learning opportunities and enriching their work experiences and we continue to develop their professional competence and capabilities towards improving job performance and employee morale and satisfaction.

8. The Importance of Community

The Group's commitment to promoting equitable access to professional and life opportunities extends beyond its employees to include the communities within which it operates, especially the vulnerable.

Straits values its role in working with the local communities and networking as we believe that engaging with communities is essential to creating sustainable impacts and improve our responsibilities as a corporate citizen, employer of choice, and a positive contributor to the economy.

As we look to the future, we strive to enhance our stakeholders' value, grow our business sustainability, enrich our local communities, and be an organization that people will be proud to associate with.

This Statement has been approved by the Board on 22 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILIZATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

a) The Company had on 1 March 2021 announced the completion of the private placement of a total of 130,131,649 new ordinary shares for a total cash consideration of RM 20,431,000 (to the nearest thousand) pursuant to Section 75 & 76 of the Companies Act 2016 ("**Private Placement 1**").

As at 22 April 2022, the status of utilization of proceeds raised from the Private Placement 1 are as follows:-

Purpose	Proposed Utilization RM'000	Actual Utilization RM'000	Intended Timeframe For Utilization
Cash consideration for the acquisition of Tumpuan Megah Development Sdn Bhd	11,715	11,715	Fully utilised
Working capital	8,386	8,386	Fully utilised
Defray estimated expenses	330	330	Fully utilised
TOTAL	**20,431**	**20,431**	

b) The Company had on 18 February 2022 announced the first tranche of the private placement of a total of 91,340,000 new ordinary shares for a total cash consideration of RM 13,790,000 (to the nearest thousand) pursuant to Rule 6.06 of ACE Market Listing Requirements ("**Private Placement 2**").

As at 22 April 2022, the status of utilization of proceeds raised from the Private Placement 2 are as follows:-

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

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to the external auditors, Messrs. Moore Stephens Associates PLT and/or its affiliates for services rendered to the Group and the Company for the Financial Year Ended ("**FYE**") 31 December 2021 are as follows:-

	Company RM	Group RM
Audit Fees	58,000	381,771
Non-Audit Fees	85,750	85,750

ADDITIONAL COMPLIANCE INFORMATION
cont'd

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

Save as disclosed below and in the financial statement, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's and Major Shareholders' interests subsisting as at 31 December 2021 or entered into since the end of the previous financial year:

- The Conditional Share Sale Agreement ("**SSA**") dated 25 October 2021 entered into between the Company and Tan Sri Mohd Bakri Bin Mohd Zinin ("**Tan Sri Mohd Bakri**" or "**Vendor**") (Non-Independent Non-Executive Director of the Company) for the acquisition of 270,000 shares, representing 90% equity interest in Sinar Maju Logistik Sdn Bhd ("**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.

4. CONTRACT RELATING TO LOANS

There were no contracts relating to loans by the Company and its subsidiaries involving the interest of Directors' and major shareholders during the FYE 31 December 2021.

5. RECURRENT RELATED-PARTY TRANSACTIONS

The Company had obtained mandate from its shareholders in respect of recurrent related party transactions of a revenue and/or trading nature ("**RRPTs**") ("**RRPT Mandate**") at the Annual General Meeting ("**AGM**") held on 24 June 2021.

Details of the RRPTs are disclosed in Note 27 to the Audited Financial Statements in this Annual Report. The RRPT Mandate will lapse at the conclusion of the forthcoming Annual General Meeting ("**25th AGM**") unless such authority is renewed by a resolution passed at the 25th AGM. Accordingly, the Company will be seeking its shareholders' approval to renew the RRPT Mandate at the 25th AGM.

6. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company did not issue any ESOS during the FYE 31 December 2021.

7. MATERIAL PROPERTIES

The Company and its subsidiaries presently do not own any properties.

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FINANCIAL STATEMENTS

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 2021.

CHANGE OF NAME

On 19 August 2021, the Company changed its name from Straits Inter Logistics Berhad to Straits Energy Resources Berhad.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group	Company
	RM	RM
Profit for the year, net of tax	4,176,743	2,610,571
Attributable to:		
Owners of the Company	4,303,051	2,610,571
Non-controlling interests	(126,308)	-
	4,176,743	2,610,571

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

On 22 April 2022, the Board of Directors approved and declared a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this declared dividend and will be accounted for as equity appropriation in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
cont'd

ISSUANCE OF SHARES AND DEBENTURES

On 1 March 2021, the issued and paid-up share capital of the Company was increased from RM104,465,174 to RM124,895,843 by way of issuance of 130,131,649 new ordinary shares at RM0.157 each for the purpose of acquisition of 2,250,000 ordinary shares amounting to RM11,714,647, representing 15% equity interest in Tumpuan Megah Development Sdn Bhd and the remaining proceeds for working capital purposes.

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

There were no debentures issued during the financial year.

WARRANTS

During the financial year, none of the Warrants 2017/2022 ("Warrants") were exercised. As at 31 December 2021, the total numbers of Warrants that remain unexercised were 153,267,500.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS 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*
Tony Tan Han (Chen Han)*
Ho Fook Meng
Leong Fook Heng
Ho Hung Ming* (alternate director to Tan Sri Mohd Bakri Bin Mohd Zinin)
Harison Binti Yusoff

** Being a Director of one or more subsidiaries*

DIRECTORS OF THE SUBSIDIARIES

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

Raja Ismail Bin Raja Mohamed	
Chai Yiing Jen	
Dato' Seri Tiong Chiong Kui	
Dato' Mohd Suhaimi Bin Hashim	
Idjal Bin Tahir	
Ti Le-June	
Dato' Yoong Leong Yan	Appointed on 8 December 2021
Ho Soon Choy	Appointed on 8 December 2021
Ho Khin Choy	Appointed on 3 February 2022

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	As at 1.1.2021	Bought	Sold	As at 31.12.2021
	Unit	Unit	Unit	Unit
Ordinary Shares of the Company				
Direct interest				
Dato' Sri Ho Kam Choy	53,757,400	35,587,200	-	89,344,600
Ho Fook Meng	4,000,000	-	-	4,000,000
Tony Tan Han (Chen Han)	36,790,438	-	-	36,790,438
Indirect interest				
Dato' Sri Ho Kam Choy ^	58,801,800	-	50,000	58,751,800
Harison Binti Yusoff ^^	12,400	-	-	12,400

	Number of Warrants over Ordinary Shares			
	As at 1.1.2021 Unit	Bought Unit	Sold Unit	As at 31.12.2021 Unit
Warrants over Ordinary Shares of the Company				
Direct interest				
Dato' Sri Ho Kam Choy	1,779,700	-	-	1,779,700
Ho Fook Meng	1,000,000	-	1,000,000	-
Indirect interest				
Dato' Sri Ho Kam Choy ^	5,464,900	-	-	5,464,900

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

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

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

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

DIRECTORS' REPORT
cont'd

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company	Subsidiaries
	RM	RM
Directors' fee	246,000	516,000
Salaries and allowances	434,400	1,143,042
Bonus	30,000	46,000
Contributions to defined contribution plan	46,800	121,875
Social security contributions	923	1,658
Other benefits	-	190
	758,123	1,828,765

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 27 to the financial statements.

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

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liabilities or other liability has become enforceable, or likely to become enforceable within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) no item, transaction or event of a material and unusual has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is disclosed in Note 5 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director or past Director of the Company.

(g) The indemnity given to or other insurance effected for the Directors and the officers of the Group and of the Company has a total premium of RM18,500 and coverage amount of RM3,500,000 for a period effective 16 December 2021 to 15 December 2022.

DIRECTORS' REPORT
cont'd

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 34 to the financial statements.

AUDITORS

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 22 April 2022.

DATO' SRI HO KAM CHOY

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 78 to 179, 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 2021 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 2022.

DATO' SRI HO KAM CHOY

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATUTORY DECLARATION

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

I, Hoh Chee Mun (MIA No.: 8891), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 78 to 179 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 2022

HOH CHEE MUN

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Straits Energy Resources Berhad *(formerly known as Straits Inter Logistics Berhad)*, which comprise the statements of financial position as at 31 December 2021 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 78 to 179.

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 2021, 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.

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

Goodwill

The goodwill arising from the acquisition of a subsidiary as disclosed in Note 11 to the financial statements represented approximately 7% of the Group's total assets as at 31 December 2021. The Group is required to perform an annual impairment test or more frequently when indication of impairment exists on goodwill. The Group applies the value-in-use ("VIU") method to estimate the recoverable amount of the goodwill.

Investments in subsidiaries

As at 31 December 2021, as disclosed in Note 9 to the financial statements, the carrying amount of the Company's investments in subsidiaries amounted to RM94.0 million which represented approximately 67% of the Company's total assets. The Company assesses whether there is any indication of impairment in investments in subsidiaries and when there are indicators of impairment, the Company estimates the recoverable amounts to compare against their respective carrying amounts. The recoverable amount is measured at the higher of fair value less cost to sell for that asset and its VIU.

INDEPENDENT AUDITORS' REPORT
To the Members of Straits Energy Resources Berhad
cont'd

Key Audit Matters (cont'd)

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

PPE

As at 31 December 2021, as shown in Note 8 to the financial statements, the carrying amount of the Group's property, plant and equipment amounted to RM157.2 million representing approximately 35% of the Group's total assets.

One of the main operating subsidiary of the Group with significant PPE at carrying amount of RM5.6 million was affected by Covid-19 pandemic which in turn recorded a loss for the financial year and in accumulated losses position. These resulted in multiple indications that the carrying amounts of PPE may be impaired. Accordingly, the Group estimated the recoverable amount of the PPE based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period.

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

Our audit performed and responses thereon

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

- Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors;

- Compared the key assumptions used in the preparation of VIU calculations including 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 calculation;

- Evaluated the reasonableness of the Directors' assessment that a group of PPE for the operation is the cash generating unit ("CGU") which represents the smallest identifiable group of assets that generate independent cash inflows, by understanding the business model of the Group;

- Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investments, PPE and goodwill.

Recoverability of trade receivables

As at 31 December 2021, as shown in Note 14 to the financial statements, the Group's trade receivables amounted to RM52.2 million which represented approximately 12% of the Group's total assets.

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

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad

cont'd

Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to assess the revenue recognition:

- Obtained a list of long outstanding and past due trade receivables and identified any debtors with financial difficulty through discussion with management; and

- Reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through individual assessment *(reference to subsequent settlement)* and collective assessment *(reference to historical payment pattern of the customers, historical trend of bad debts or impairment provided for, correlation with macroeconomic factors and the impact of Covid-19).*

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.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Energy Resources Berhad

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Report on Other Legal and Regulatory Requirements

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

Other Matter

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

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

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

Petaling Jaya, Selangor
Date: 22 April 2022

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	4	1,319,023,380	675,316,189	6,615,000	1,692,000
Cost of sales		(1,283,146,229)	(643,416,469)	-	-
Gross profit		35,877,151	31,899,720	6,615,000	1,692,000
Other income		5,067,969	2,638,279	1,032,501	5,735
Administrative expenses		(21,340,860)	(21,533,000)	(4,692,178)	(3,791,381)
Other expenses		(7,531,684)	(5,842,244)	(334,039)	(167,176)
Profit/(loss) from operations		12,072,576	7,162,755	2,621,284	(2,260,822)
Finance costs		(7,382,268)	(5,972,745)	(10,713)	(11,106)
Share of results of an associate, before tax		4,986,370	5,276,657	-	-
Profit/(loss) before tax	5	9,676,678	6,466,667	2,610,571	(2,271,928)
Income tax expense	6	(5,499,935)	(2,494,517)	-	-
Profit/(loss) for the year		4,176,743	3,972,150	2,610,571	(2,271,928)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation difference for foreign operations		1,551,724	(459,357)	-	-
Total comprehensive income for the year		5,728,467	3,512,793	2,610,571	(2,271,928)
Profit/(loss) for the year attributable to:					
Owners of the Company		4,303,051	2,839,990	2,610,571	(2,271,928)
Non-controlling interests		(126,308)	1,132,160	-	-
		4,176,743	3,972,150	2,610,571	(2,271,928)
Total comprehensive income for the year attributable to:					
Owners of the Company		5,550,836	2,380,633	2,610,571	(2,271,928)
Non-controlling interests		177,631	1,132,160	-	-
		5,728,467	3,512,793	2,610,571	(2,271,928)
Earnings per share attributable to Owners of the Company:					
Basic (sen)	7	0.57	0.44		
Diluted (sen)	7	0.52	0.40		

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 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	8	157,215,608	121,343,350	483,817	370,097
Investments in subsidiaries	9	-	-	93,959,660	81,850,914
Investments in associates	10	25,561,756	21,317,737	15,013,149	15,013,639
Goodwill	11	30,558,958	30,558,958	-	-
Amounts due from subsidiaries	16	-	-	1,141,479	-
		213,336,322	173,220,045	110,598,105	97,234,650
Current assets					
Inventories	13	37,900,061	18,175,403	-	-
Trade receivables	14	52,220,005	63,708,039	-	-
Other receivables	15	96,540,682	47,440,818	689,461	1,219,186
Amounts due from subsidiaries	16	-	-	29,372,458	19,898,925
Amount due from an associate	17	-	23,980	-	23,980
Tax recoverable		342,492	301,221	-	-
Fixed deposit with a licensed bank	18	500,000	-	-	-
Cash and bank balances		46,599,323	11,601,154	345,088	414,542
		234,102,563	141,250,615	30,407,007	21,556,633
Total Assets		447,438,885	314,470,660	141,005,112	118,791,283

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

cont'd

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
Equity					
Share capital	19	124,895,843	104,465,174	124,895,843	104,465,174
Retained earnings/(accumulated losses)		5,312,742	9,834,381	(5,995,701)	(8,606,272)
Reserves	20	652,911	(594,874)	-	-
Total equity attributable to Owners of the Company		130,861,496	113,704,681	118,900,142	95,858,902
Non-controlling interests		14,362,500	12,460,665	-	-
Total Equity		145,223,996	126,165,346	118,900,142	95,858,902
Non-current liabilities					
Deferred tax liabilities	12	4,544,199	1,117,534	-	-
Lease liabilities	21	8,929,312	7,824,060	54,552	100,070
Term loan	22	731,944	-	-	-
Other payables	24	22,114,730	24,899,127	-	-
		36,320,185	33,840,721	54,552	100,070
Current liabilities					
Lease liabilities	21	3,210,994	2,539,386	147,514	75,268
Trade payables	23	91,555,299	38,030,869	-	-
Other payables	24	98,975,272	41,457,849	769,481	1,247,266
Amount due to a subsidiary	16	-	-	21,132,888	21,509,242
Amount due to an associate	17	-	842,730	-	-
Term loan	22	181,470	-	-	-
Tawarruq working capital financing-i	25	70,693,761	70,898,324	-	-
Tax payable		1,277,908	695,435	535	535
		265,894,704	154,464,593	22,050,418	22,832,311
Total Liabilities		302,214,889	188,305,314	22,104,970	22,932,381
Total Equity and Liabilities		447,438,885	314,470,660	141,005,112	118,791,283

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 2021

	Attributable to Owners of the Company								
	Non-Distributable					Distributable			
	Share Capital RM (Note 19)	Other Reserve RM (Note 20)	Sub-total RM	Warrant Reserve RM (Note 20)	Foreign Currency Translation Reserve RM (Note 20)	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2021	104,465,174	(17,625,762)	86,839,412	17,625,762	(594,874)	9,834,381	113,704,681	12,460,665	126,165,346
Transactions with Owners of the Company:									
Issuance of ordinary shares	20,430,669	-	20,430,669	-	-	-	20,430,669	-	20,430,669
Acquisition of subsidiaries	-	-	-	-	-	-	-	1,788,472	1,788,472
Dividend paid to non-controlling interest (Note 26)	-	-	-	-	-	-	-	(539,000)	(539,000)
Capital contribution from shareholders	-	-	-	-	-	-	-	3,399,834	3,399,834
Changes in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	-	(8,824,690)	(8,824,690)	(2,925,102)	(11,749,792)
Total transactions with Owners of the Company	20,430,669	-	20,430,669	-	-	(8,824,690)	11,605,979	1,724,204	13,330,183
Balance carried forward	124,895,843	(17,625,762)	107,270,081	17,625,762	(594,874)	1,009,691	125,310,660	14,184,869	139,495,529

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2021
cont'd

	Attributable to Owners of the Company								
	Non-Distributable					Distributable			
	Share Capital RM (Note 19)	Other Reserve RM (Note 20)	Sub-total RM	Warrant Reserve RM (Note 20)	Foreign Currency Translation Reserve RM (Note 20)	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,273,919	110,603,576	12,141,839	122,745,415
Transactions with Owners of the Company:									
Acquisition of subsidiary	-	-	-	-	-	-	-	1,470,000	1,470,000
Capital contribution from shareholder	-	-	-	-	-	-	-	990,000	990,000
Changes in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	-	720,472	720,472	(3,273,334)	(2,552,862)
Total transactions with Owners of the Company	-	-	-	-	-	720,472	720,472	(813,334)	(92,862)
Balance carried forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,994,391	111,324,048	11,328,505	122,652,553

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2021
cont'd

	Attributable to Owners of the Company								
	Non-Distributable					Distributable			
	Share Capital RM (Note 19)	Other Reserve RM (Note 20)	Sub-total RM	Warrant Reserve RM (Note 20)	Foreign Currency Translation Reserve RM (Note 20)	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group (cont'd)									
Balance brought forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,994,391	111,324,048	11,328,505	122,652,553
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	(459,357)	-	(459,357)	-	(459,357)
Profit for the financial year	-	-	-	-	-	2,839,990	2,839,990	1,132,160	3,972,150
Total comprehensive income for the year	-	-	-	-	(459,357)	2,839,990	2,380,633	1,132,160	3,512,793
At 31 December 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(594,874)	9,834,381	113,704,681	12,460,665	126,165,346

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

	Attributable to Owners of the Company					
	Non-Distributable					
	Share Capital RM (Note 19)	Other Reserve RM (Note 20)	Sub-total RM	Warrant Reserve RM (Note 20)	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(6,334,344)	98,130,830
Loss for the financial year, representing total comprehensive income for the financial year	-	-	-	-	(2,271,928)	(2,271,928)
At 31 December 2020/1 January 2021	104,465,174	(17,625,762)	86,839,412	17,625,762	(8,606,272)	95,858,902
Issuance of ordinary shares, representing total transactions with Owners of the Company	20,430,669	-	20,430,669	-	-	20,430,669
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	2,610,571	2,610,571
At 31 December 2021	124,895,843	(17,625,762)	107,270,081	17,625,762	(5,995,701)	118,900,142

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 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit/(loss) before tax		9,676,678	6,466,667	2,610,571	(2,271,928)
Adjustments for:					
Allowance for expected credit losses on trade receivables		353,842	551,985	-	-
Depreciation of property, plant and equipment		13,931,666	11,816,894	214,182	158,440
Bad debts written off		41,622	-	-	-
Deposits written off		140,000	5,640	-	5,640
Dividend income		-	-	(5,511,000)	-
Gain on derecognition of an associate	10	(490)	-	-	-
Goodwill written off	11	19,613	-	-	-
Interest income		(39,146)	(13,139)	(916)	(2)
Interest expense		7,382,268	5,972,745	10,713	11,106
Loss on disposal of property, plant and equipment		-	160,596	-	-
Other receivables written off		186,200	-	118,160	-
Property, plant and equipment written off		1,595	9,632	1,595	2,165
Reversal of allowance for expected credit losses on trade receivables		(475)	(603,885)	-	-
Share of results of an associate		(4,986,370)	(5,276,657)	-	-
Unrealised (gain)/loss on foreign exchange		(1,943,506)	1,157,649	(3,547)	931
Operating profit/(loss) before working capital changes		24,763,497	20,248,127	(2,560,242)	(2,093,648)
Changes in working capital:					
Inventories		(19,724,657)	13,687,158	-	-
Receivables		(37,383,486)	(4,609,065)	(692,435)	(1,065,366)
Payables		108,481,923	(38,740,699)	(442,768)	471,148
Cash generated from/(used in) operations		76,137,277	(9,414,479)	(3,695,445)	(2,687,866)
Interest paid		(7,127,015)	(5,644,568)	(10,713)	(11,106)
Interest received		39,146	13,139	916	2
Tax paid		(489,382)	(899,145)	-	-
Net cash from/(used in) operating activities		68,560,026	(15,945,053)	(3,705,242)	(2,698,970)

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2021
cont'd

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	8(a)	(29,368,732)	(8,622,337)	(11,259)	(13,158)
Proceeds from disposal of property, plant and equipment		-	178,029	-	-
Increase in capital contribution		-	-	(358,521)	(3,610,000)
Additional investments in subsidiaries	9	-	-	(850)	(1,530,417)
Repayment from/(advance to) an associate		23,980	(9,442)	23,980	(9,442)
Advances to subsidiaries		-	-	(4,859,645)	(1,185,244)
Net cash inflow/(outflow) for increased equity interest in a subsidiary	9	1,618	(1,633,413)	-	-
Net cash used in investing activities		(29,343,134)	(10,087,163)	(5,206,295)	(6,348,261)
Cash Flows from Financing Activities					
Repayment to an associate	(ii)	(842,730)	(17,587)	-	(17,587)
(Repayment to)/advances from Directors	(ii)	(471,113)	478,624	(35,017)	(4,121)
Advances from subsidiaries	(ii)	-	-	424,779	9,348,297
Increased in pledged fixed deposit	18	(500,000)	-	-	-
(Repayment)/drawdown of Tawarruq Working Capital Financing-i, net	(ii)	(363,399)	34,905,462	-	-
Dividend paid to non-controlling interest	26	(539,000)	-	-	-
Net capital contribution from non-controlling interest of a subsidiary		2,034,480	990,000	-	-
Net proceeds from issuance of ordinary shares		8,680,877	-	8,680,877	-
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interest		1,788,472	1,470,000	-	-
Drawdown of term loan	(ii)	913,414	-	-	-
Addition/(repayment) of lease liabilities	(ii)(iii)	1,080,215	(1,179,708)	(228,643)	(102,546)
Repayment of vendor financing	(ii)	(16,002,892)	(7,277,737)	-	-
Net cash (used in)/from financing activities		(4,221,676)	29,369,054	8,841,996	9,224,043

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Net increase/(decrease) in cash and cash equivalents		34,995,216	3,336,838	(69,541)	176,812
Cash and cash equivalents at beginning of the financial year		11,601,154	8,264,430	414,542	237,804
Effect of exchange rate changes on cash and cash equivalents held		2,953	(114)	87	(74)
Cash and cash equivalents at end of the financial year		46,599,323	11,601,154	345,088	414,542

(i) Cash and cash equivalents comprise the following:

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Cash and bank balances		46,599,323	11,601,154	345,088	414,542
Fixed deposit with a licensed bank	18	500,000	-	-	-
		47,099,323	11,601,154	345,088	414,542
Less: Fixed deposit pledged	18	(500,000)	-	-	-
		46,599,323	11,601,154	345,088	414,542

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2021
cont'd

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

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

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

	Amount Due to an Associate	Amounts Due to Directors	Tawarruq Working Capital Financing-i	Lease Liabilities	Vendor Financing Liabilities
	RM	RM	RM	RM	RM
Group (cont'd)					
2020					
At 1 January	17,587	1,092,612	35,664,685	4,368,164	27,105,511
Addition (Note 8a)	-	-	-	7,175,576	16,952,593
Drawdown	-	-	45,000,000	-	-
Capital contribution	-	(990,000)	-	-	-
(Repayment to)/advance from	(17,587)	1,468,624	(10,094,538)	(1,179,708)	(7,277,737)
Net changes from financing cash flows	(17,587)	478,624	34,905,462	(1,179,708)	(7,277,737)
Balance purchase consideration (Note 9,17)	919,449	-	-	-	-
Unrealised foreign exchange	(76,719)	-	-	-	-
Foreign currency translation reserve	-	-	-	(586)	(526,546)
Interest expense payable upon maturity	-	-	328,177	-	-
At 31 December	842,730	1,571,236	70,898,324	10,363,446	36,253,821

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2021
cont'd

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

	Amount Due to an Associate	Amounts Due to Directors	Amount Due to a Subsidiary	Lease Liabilities
	RM	RM	RM	RM
Company				
2021				
At 1 January	-	35,017	21,509,242	175,338
Addition	-	-	-	95,605
Repayment to	-	(35,017)	-	(228,643)
Advances from	-	-	424,779	-
Net changes from financing cash flows	-	(35,017)	424,779	(228,643)
Management fees	-	-	(864,000)	-
Acquisition of property, plant and equipment	-	-	62,867	159,766
At 31 December	-	-	21,132,888	202,066
2020				
At 1 January	17,587	39,138	12,160,945	277,884
Repayment to	(17,587)	(4,121)	-	(102,546)
Advances from	-	-	9,348,297	-
Net changes from financing cash flows	(17,587)	(4,121)	9,348,297	(102,546)
At 31 December	-	35,017	21,509,242	175,338

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

cont'd

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

	Group RM	Company RM
2021		
Included in net cash from/(used in) operating activities:		
Interest paid in relation to lease liabilities	652,780	10,713
Payment relating to short term lease rental and low value asset	198,532	2,742
Included in net cash (used in)/from financing activities:		
Payment for the principal portion of lease liabilities	1,080,215	228,643
	1,931,527	242,098
2020		
Included in net cash from/(used in) operating activities:		
Interest paid in relation to lease liabilities	492,634	11,106
Payment relating to short term lease rental and low value asset	278,509	19,383
Included in net cash (used in)/from financing activities:		
Payment for the principal portion of lease liabilities	1,179,708	102,546
	1,950,851	133,035

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 2021

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 22 April 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 4	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 16	Covid-19 – Related Rent Concession

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

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

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

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

Effective for financial periods beginning on or after 1 January 2023

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

Effective 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

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

(b) Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

(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.

(d) Significant accounting estimates and judgements

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

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

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 2 – 25 years. The Group and the Company anticipate that the certain residual values of their property, plant and equipment will be insignificant, other than oil tankers. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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

(ii) Capitalisation of dry-docking expenditures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

2. BASIS OF PREPARATION (cont'd)

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

(iii) Impairment of goodwill

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

(iv) Impairment of non-financial assets

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

(v) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 3(n)(i) depends on whether there has been a significant increase in credit risk.

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

(vi) Carrying value of investments in subsidiaries

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

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

(vii) Right-of-use assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

Consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Business combination

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Subsidiaries

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

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

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign Currency

(i) Foreign currency transactions

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses are translated at average exchange rates for the period, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognized to profit or loss when control, joint control or significant influence over the foreign operation is lost.

On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) Revenue Recognition and Other Income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue Recognition and Other Income (cont'd)

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

- The Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Other revenue earned by the Group and the Company is recognised on the following basis:

- Interest income is recognised on an accrual basis using the effective interest method.

- Management fees are recognised when services are rendered.

- Government grant/assistance received from Government on wages subsidy is recognised on monthly basis over the qualified period under the criteria set by the Government.

- Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee Benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary to respective state pension funds. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income Tax

<u>Current tax</u>

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

<u>Deferred tax</u>

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise warrants granted to shareholders.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually or whenever indication of impairment arises. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in a subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of comprehensive income.

(i) Property, Plant and Equipment

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

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Dry-docking expenditures represent major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry-docking generally performed. The Group has included the initial dry-docking costs incurred during the purchase of new oil tanker as part of the acquisition costs of vessel in accordance with MFRS 116 Property, Plant and Equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, Plant and Equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Oil tankers	6 to 25 years
Dry-docking expenditures	30 months from date of dry dock
Shipping equipment	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
Machinery	5 years
Lease of premises*	3 to 6 years

* *Included in lease of premises is the lease of a port in Labuan for a tenure of 6 years with further renewal option of 6 years subject to terms and conditions of the port's operation and facility management agreement.*

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment is retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of this property, plant and equipment.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(j) Capital Work-in-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances, fixed deposit with licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see note 3(n)(i)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment under Note 3(n)(i).

Financial liabilities

Amortised cost

Other financial liabilities not recognised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and the Company are measured on either of the following bases:

(i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (other than inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(o) Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Warrants Reserves

Amount allocated in related to the issuance of warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the controls of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

(t) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(u) Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

4. REVENUE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Recognised point in time:				
Oil trading, bunkering and fresh water services	1,293,200,126	659,128,899	-	-
Inland transportation services	4,114,598	2,958,711	-	-
Ship management services	1,056,316	546,943	-	-
Port operation and facility management services	11,983,977	9,566,719	-	-
Dividend income	-	-	5,511,000	-
Management fee	-	-	1,104,000	1,692,000
Recognised over time:				
Chartering of vessel	8,668,363	3,114,917	-	-
	1,319,023,380	675,316,189	6,615,000	1,692,000

Disaggregation of revenue by segment is disclosed in Note 28.

Oil trading

The Group carries out oil trading activities for Marine Gas Oil, Marine Fuel Oil and Low Sulphur Fuel Oil (collectively refer as "Cargo Oil") whereby customers place their order with an agreed Cargo Oil price per litre and subsequent arrangement would be made with the Group's supplier to arrange for delivery of the Cargo Oil ordered direct to the customer. Revenue recognition is based on issuance of cargo manifest which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

Performance obligation ("PO")

Contracts with individual customer is considered as a single PO in relation to the sale of Cargo Oil with a single transaction price. The PO is satisfied upon delivery of the Cargo Oil to the customer by way of acknowledgement of cargo manifest. Payment is generally due between 30 to 60 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the Cargo Oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the cargo manifest. Therefore, revenue is recognised at a point in time when customers have acknowledged the cargo manifest.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

4. REVENUE (cont'd)

Oil bunkering services

The Group carries out oil bunkering services of Cargo Oil by entering into written contracts with external customers. Customer places its order with an agreed Cargo Oil price per litre and the Group will arrange for delivery of the Cargo Oil ordered to the customer. Revenue recognition is based on issuance of bunker delivery note which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

Performance obligation ("PO")

The Group provides oil bunkering services which consist of the following services:

- Sales of Cargo Oil; and
- Delivery services

Contracts for bunkering services of Cargo Oil comprised of two POs but are not capable of being distinct and separately identifiable. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The POs are satisfied upon completion of the sales of Cargo Oil and delivery services which are completed simultaneously by way of acknowledgement of customers' bunker delivery note. Payment is generally due within the range of 30 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the cargo oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the bunker delivery note. Therefore, revenue is recognised at a point in time when customers have acknowledged the bunker delivery note.

Fresh water 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.

Inland transportation services

The Group carries out inland transportation services for delivery and unloading bulk cement as the customer wish to have the cements transported to the recipient's destination. Revenue is recognised upon acknowledgement of the delivery order by the intended recipient of the goods.

Performance obligation ("PO")

Contracts for inland transportation services comprised of one PO. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of the delivery and unloading of cements to the recipient by way of acknowledgement of delivery order note. Payment is generally due within the range of 60 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the goods delivered has been transferred to the recipient. An enforceable right to payment does not arise until the recipient has acknowledged the delivery order note. Therefore, revenue is recognised at a point in time when the recipient has acknowledged the delivery order note.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

4. REVENUE (cont'd)

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.

Port operation and facility management services

The Group carries out port operation and facility management services related to mooring, unmooring and berthing of vessel, cargo handling charges, storage charges, container lifting charges, use of yard for stuffing and unstuffing. Revenue is recognised upon acknowledgement of the integrated container advise form by the port customers.

Performance obligation ("PO")

Contracts for port services comprised of one PO. Accordingly, the Group charges the port customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of services rendered to the port customers upon acknowledgement of integrated container advise form and issuance of invoice to the port customers. Payment is generally due within the range of 30 to 60 days from the date when the PO is satisfied.

Timing of recognition

The PO is satisfied at a point in time and payment is generally due from 30 to 60 days upon completion of services rendered and acceptance by the port customers.

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.

Management fee

The performance obligation is satisfied at a point in time and payment is generally due upon completion of services rendered and acceptance by the subsidiaries.

Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

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5. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Group auditors' remuneration:				
- Statutory audit current year	325,000	283,149	58,000	52,000
- Non-audit services	85,750	37,800	85,750	37,800
Other auditors' remuneration:				
- Statutory audit	56,771	30,495	-	-
Allowance for expected credit losses on trade receivables	353,842	551,985	-	-
Bad debts written off	41,622	-	-	-
Depreciation of property, plant and equipment	13,931,666	11,816,894	214,182	158,440
Deposits written off	140,000	5,640	-	5,640
Employee benefits expense [Note (a)]	16,697,378	13,631,427	2,326,743	2,220,251
Finance costs:				
- Tawarruq Working Capital Financing-i	4,608,378	3,414,572	-	-
- Lease liabilities	652,780	492,634	10,713	11,106
- Term loan	35,534	-	-	-
- Vendor financing	2,085,576	2,065,539	-	-
Incorporation expenses	-	27,679	-	-
Interest income	(39,146)	(13,139)	(916)	(2)
Dividend income	-	-	(5,511,000)	-
Loss on disposal of property, plant and equipment	-	160,596	-	-
Gain on derecognition of an associate	(490)	-	-	-
Goodwill written off	19,613	-	-	-
Other receivables written off	186,200	-	118,160	-
Property, plant and equipment written off	1,595	9,632	1,595	2,165

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

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Short term leases on:				
- Rental of premises	180,240	226,454	-	18,000
- Rental of equipment	18,292	52,055	2,742	1,383
Income from shortfall in profit guarantee [Note (b)]	(1,019,038)	-	(1,019,038)	-
Reversal of allowance for expected credit loss on trade receivables	(475)	(603,885)	-	-
Wages subsidy	(1,046,717)	(798,714)	(9,000)	-
Realised loss/(gain) on foreign exchange	496,436	(769,705)	102	267
Unrealised (gain)/loss on foreign exchange	(1,943,506)	1,157,649	(3,547)	931

(a) Employee benefits expense comprise of:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Staff costs				
Salaries and allowances	9,363,992	8,209,237	1,228,589	1,173,059
Bonus	455,936	513,301	84,768	74,500
Contributions to defined contribution plan	1,328,206	1,022,853	148,077	139,358
Social security contributions	119,375	98,163	7,986	9,167
Other benefits	2,028,435	597,207	99,200	69,549
	13,395,944	10,440,761	1,568,620	1,465,633

NOTES TO THE FINANCIAL STATEMENTS
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5. PROFIT/(LOSS) BEFORE TAX (cont'd)

(a) Employee benefits expense comprise of (cont'd):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Directors' remunerations				
Directors' fee	870,000	813,871	246,000	238,000
Salaries and allowances	2,129,442	2,019,262	434,400	442,400
Bonus	64,358	136,650	30,000	30,000
Contributions to defined contribution plan	229,712	214,316	46,800	43,200
Social security contributions	6,272	5,667	923	1,018
Other benefits	1,650	900	-	-
	3,301,434	3,190,666	758,123	754,618
Total employee benefits expense	16,697,378	13,631,427	2,326,743	2,220,251

(b) Income from shortfall in profit guarantee arising from acquisition of Tumpuan Megah Development Sdn Bhd ("TMD").

Pursuant to the acquisition of TMD which was completed on 7 June 2018, Raja Ismail Bin Raja Mohamed (hereby also referred as "the Vendor") has agreed to undertake and guarantee a profit guarantee of TMD for a period of two years. Consequent thereon, the Vendor would compensate any shortfall arising from the profit guarantee period to the Company.

During the financial year, the Board of Directors of the Company have jointly agreed with the Vendor on the shortfall in profit amounted to RM1,852,797. As TMD is a 55% owned subsidiary in the past 2 financial years in 2019 and 2020, an amount of RM1,019,038 from the shortfall in profit guarantee was recognised in the statements of comprehensive income for the financial year ended 31 December 2021.

6. INCOME TAX EXPENSE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Income tax				
Based on result for the year	688,420	306,104	-	-
Underprovision in prior year	342,164	19,802	-	-
	1,030,584	325,906	-	-

6. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Deferred tax (Note 12)				
Origination of temporary differences	467,559	1,302,500	-	-
Underprovision in prior year	2,959,106	29,000	-	-
	3,426,665	1,331,500	-	-
Share of tax of associate	1,042,686	837,111	-	-
Income tax expense for the year	5,499,935	2,494,517	-	-

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	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	9,676,678	6,466,667	2,610,571	(2,271,928)
Tax at Malaysian statutory income tax rate of 24%	2,322,400	1,552,000	626,500	(545,300)
Effect of different tax rate in Singapore	(165,463)	(170,476)	-	-
Effect of different tax rate under LBATA	(781,612)	(476,963)	-	-
Expenses not deductible for tax purposes	300,978	375,290	340,000	219,300
Income not subject to tax	(1,385,824)	(757,247)	(1,322,600)	-
Deferred tax assets not recognised	865,500	1,086,000	356,100	326,000
Underprovision of tax expense in prior year	342,164	19,802	-	-
Underprovision of deferred tax in prior year	2,959,106	29,000	-	-
Share of tax of associate	1,042,686	837,111	-	-
Income tax expense for the year	5,499,935	2,494,517	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

6. INCOME TAX EXPENSE (cont'd)

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	8,428,000	15,599,780	3,820,600	2,392,100
Unabsorbed capital allowances	2,271,300	1,010,060	94,800	40,560
	10,699,300	16,609,840	3,915,400	2,432,660

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 will be subject to Inland Revenue Board discretion and approval to offset against future taxable profits. In the announcement of Malaysia 2022 budget, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA2019.

7. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	**2020**
Profit after tax attributable to the Owners of the Company (RM)	4,303,051	2,839,990
Weighted average number of ordinary shares		
Number of ordinary shares at beginning of the year	650,658,246	650,658,246
Effect of new ordinary shares issued	109,096,670	-
Weighted average number of ordinary shares at the end of the year	759,754,916	650,658,246
Basic earnings per ordinary share (sen)	0.57	0.44

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

7. EARNINGS PER SHARE (cont'd)

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2021	**2020**
Profit after tax attributable to the Owners of the Company (RM)	4,303,051	2,839,990
Weighted average number of ordinary shares		
Issued ordinary shares at end of the year	759,754,916	650,658,246
Effect of dilutive potential ordinary shares (Warrants)	61,705,097	53,616,546
Weighted average number of ordinary shares	821,460,013	704,274,792
Diluted earnings per ordinary share (sen)	0.52	0.40

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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8. PROPERTY, PLANT AND EQUIPMENT

	Oil Tankers	Dry-docking Expenditures	Shipping Equipment	Machinery	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Motor Vehicles	Container	Stackers	Assets under Construction	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group														
Cost														
2021														
At 1 January	110,384,326	11,223,607	404,606	86,562	984,815	561,958	2,212,487	7,040,891	1,365,549	24,000	2,950,881	1,455,026	8,102,561	146,797,269
Additions	21,432,431	11,427,848	520,594	-	108,717	91,318	709,089	390,366	154,260	134,855	-	11,622,357	370,799	46,962,634
Expiry of lease contract	-	-	-	-	-	-	-	-	-	-	-	-	(105,725)	(105,725)
Written-off	-	-	-	-	-	-	(2,967)	-	-	-	-	-	-	(2,967)
Reclassifications	-	-	-	-	(3,588)	3,588	1,455,026	-	-	-	-	(1,455,026)	-	-
Foreign exchange difference	2,832,178	136,538	3,569	-	1,184	844	836	-	2,929	-	-	44,053	10,507	3,032,638
At 31 December	134,648,935	22,787,993	928,769	86,562	1,091,128	657,708	4,374,471	7,431,257	1,522,738	158,855	2,950,881	11,666,410	8,378,142	196,683,849
Accumulated depreciation														
At 1 January	14,294,047	6,228,716	97,540	9,506	372,367	142,168	440,538	1,078,717	828,208	2,000	442,632	-	1,517,480	25,453,919
Charge for the year	5,621,700	3,932,850	12,048	67,209	130,138	111,298	612,135	921,086	208,532	23,000	590,176	-	1,701,494	13,931,666
Expiry of lease contract	-	-	-	-	-	-	-	-	-	-	-	-	(105,725)	(105,725)
Written-off	-	-	-	-	(1,372)	-	-	-	-	-	-	-	-	(1,372)
Reclassifications	-	-	-	-	(667)	667	-	-	-	-	-	-	-	-
Foreign exchange difference	138,816	42,914	-	284	552	160	261	-	1,399	-	-	-	5,367	189,753
At 31 December	20,054,563	10,204,480	109,588	76,999	501,018	254,293	1,052,934	1,999,803	1,038,139	25,000	1,032,808	-	3,118,616	39,468,241
Net carrying amount														
At 31 December	114,594,372	12,583,513	819,181	9,563	590,110	403,415	3,321,537	5,431,454	484,599	133,855	1,918,073	11,666,410	5,259,526	157,215,608

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

	Oil Tankers	Dry-docking Expenditures	Shipping Equipment	Machinery	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Motor Vehicles	Container	Stackers	Assets under Construction	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group (cont'd)														
Cost														
2020														
At 1 January	94,149,457	7,404,748	384,900	51,850	741,468	187,478	563,029	6,666,891	1,367,081	-	-	-	927,680	112,444,582
Additions	17,444,378	3,874,236	23,136	34,712	243,479	378,175	1,649,513	770,000	-	24,000	2,950,881	1,455,026	7,175,576	36,023,112
Disposals	-	-	-	-	-	-	-	(396,000)	-	-	-	-	-	(396,000)
Written-off	(7,782)	-	-	-	(3,268)	-	-	-	-	-	-	-	-	(11,050)
Reclassifications	-	-	-	-	3,587	(3,587)	-	-	-	-	-	-	-	-
Foreign exchange difference	(1,201,727)	(55,377)	(3,430)	-	(451)	(108)	(55)	-	(1,532)	-	-	-	(695)	(1,263,375)
At 31 December	110,384,326	11,223,607	404,606	86,562	984,815	561,958	2,212,487	7,040,891	1,365,549	24,000	2,950,881	1,455,026	8,102,561	146,797,269
Accumulated depreciation														
At 1 January	9,333,426	2,884,706	57,381	2,595	258,479	80,471	189,701	255,259	619,786	-	-	-	178,309	13,860,113
Charge for the year	5,080,486	3,385,822	40,553	6,911	114,749	62,414	250,896	880,833	209,540	2,000	442,632	-	1,340,058	11,816,894
Disposals	-	-	-	-	-	-	-	(57,375)	-	-	-	-	-	(57,375)
Written-off	(315)	-	-	-	(1,103)	-	-	-	-	-	-	-	-	(1,418)
Reclassifications	-	-	-	-	666	(666)	-	-	-	-	-	-	-	-
Foreign exchange difference	(119,550)	(41,812)	(394)	-	(424)	(51)	(59)	-	(1,118)	-	-	-	(887)	(164,295)
At 31 December	14,294,047	6,228,716	97,540	9,506	372,367	142,168	440,538	1,078,717	828,208	2,000	442,632	-	1,517,480	25,453,919
Net carrying amount														
At 31 December	96,090,279	4,994,891	307,066	77,056	612,448	419,790	1,771,949	5,962,174	537,341	22,000	2,508,249	1,455,026	6,585,081	121,343,350

NOTES TO THE FINANCIAL STATEMENTS
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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Computers	Furniture, Fittings, and Office Equipment	Renovation	Motor Vehicle	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM
Company						
2021						
Cost						
At 1 January	48,306	256,006	29,235	355,700	105,725	794,972
Additions	10,232	57,271	104,539	-	157,455	329,497
Written-off	-	(2,967)	-	-	(105,725)	(108,692)
At 31 December	58,538	310,310	133,774	355,700	157,455	1,015,777
Accumulated depreciation						
At 1 January	13,311	135,784	7,307	177,851	90,622	424,875
Charge for the year	5,503	47,856	15,222	71,140	74,461	214,182
Written-off	-	(1,372)	-	-	(105,725)	(107,097)
At 31 December	18,814	182,268	22,529	248,991	59,358	531,960
Net carrying amount						
At 31 December	39,724	128,042	111,245	106,709	98,097	483,817
2020						
Cost						
At 1 January	40,198	254,224	29,235	355,700	105,725	785,082
Additions	8,108	5,050	-	-	-	13,158
Written off	-	(3,268)	-	-	-	(3,268)
At 31 December	48,306	256,006	29,235	355,700	105,725	794,972
Accumulated depreciation						
At 1 January	9,148	101,984	4,384	106,711	45,311	267,538
Charge for the year	4,163	34,903	2,923	71,140	45,311	158,440
Written off	-	(1,103)	-	-	-	(1,103)
At 31 December	13,311	135,784	7,307	177,851	90,622	424,875
Net carrying amount						
At 31 December	34,995	120,222	21,928	177,849	15,103	370,097

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

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

(a) Acquisition of property, plant and equipment

During the year, the Group and the Company made the following cash payment for purchase of property, plant and equipment:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Total additions	46,962,634	36,023,112	329,497	13,158
Less: Financed through lease arrangement	(694,799)	(7,175,576)	(95,605)	-
Amount owing to vendor	(1,893,374)	(3,272,606)	-	-
Acquisition from a subsidiary	-	-	(222,633)	-
Capital contribution by shareholders	(1,365,354)	-	-	-
Vendor financing	(13,640,375)	(16,952,593)	-	-
Cash payment	29,368,732	8,622,337	11,259	13,158

(b) Carrying amounts of property, plant and equipment pledged for banking facility of the Group as disclosed in Note 25 are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Oil tankers	19,569,626	29,380,166
Dry-docking expenditures	4,224,918	3,347,484
Shipping equipment	587,952	241,125
Furniture, fittings and office equipment	155,477	182,453
Computers	14,274	14,697
Renovation	114,367	144,208
	24,666,614	33,310,133

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

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

(c) Right-of-use assets

The net carrying amount of right-of-use assets recognised by the Group and the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Motor vehicles	274,782	438,355	106,709	177,849
Stackers	1,918,073	-	-	-
Cement tankers	4,411,776	3,558,849	-	-
Lease of premises	5,259,526	6,585,081	98,097	15,103
	11,864,157	10,582,285	204,806	192,952

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Depreciation of right-of-use assets	2,995,537	2,008,245	145,601	116,452
Interest expense of lease liabilities	652,780	492,634	10,713	11,106
Payment relating to short term lease rental and low value assets	198,532	278,509	2,742	19,383

(d) Certain titles of the oil tankers are in the midst of being transferred to the Group or its nominated subsidiaries with the net carrying amount of RM19,569,626 (2020: RM29,380,166).

(e) The Group has carried out an impairment assessment on the property, plant and equipment in view of the disruption to the Group's inland transportation services business segment (i.e SAT) caused by the Covid-19 pandemic which in turn recorded a loss for the financial year and in accumulated losses position. The recoverable amount of the property, plant and equipment is determined based on VIU cash flow projections derived from the most recent financial forecast approved by the Directors covering a 5 year period and based on the impairment assessment performed, no impairment loss has been recognised for the property, plant and equipment. The key assumptions used in the VIU cash flow projections for impairment testing are disclosed in Note 9.

(f) Included in lease of premise, a cost of RM169,651 (2020: RM nil) and net carrying amount of RM155,513 (2020: RM nil) was leased from related parties of which certain Director of a subsidiary has substantial financial interest.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Unquoted shares at cost:		
1 January	47,870,914	46,340,497
Addition	11,750,642	1,530,417
Disposal	(417)	-
31 December	59,621,139	47,870,914
Accumulated impairment losses:		
1 January/31 December	(890,000)	(890,000)
	58,731,139	46,980,914
Capital contribution to subsidiaries	35,228,521	34,870,000
Net carrying amount	93,959,660	81,850,914

The capital contribution to subsidiaries amounting to RM35,228,521 (2020: RM34,870,000) 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 2021	Effective equity interest 2020
Quest Equipment & Services Sdn. Bhd. ^^ ("QES")	Malaysia	Dormant	100%	100%
Quest Technology Sdn. Bhd.	Malaysia	Dormant	100%	100%
Raya Consumable Sdn. Bhd.	Malaysia	Dormant	100%	100%
Quest System & Engineering Sdn. Bhd. ^^ ("QSE")	Malaysia	Dormant	100%	100%
Selatan Bunker (M) Sdn. Bhd. ("SBSB")	Malaysia	Dormant	51%	51%
Straits Alliance Transport Sdn. Bhd. ("SAT")	Malaysia	Inland transportation services	70%	70%
Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")	Malaysia	Investment holding	85%*	81%**

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name	Country of Incorporation	Principal Activities	Effective equity interest 2021	Effective equity interest 2020
Straits Port Management Sdn. Bhd. ("SPM")	Malaysia	Investment holding	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%	55%
Pan Management Services Ltd ("PAN")	Malaysia	Provision of management services	100%	100%
TMD Straits Ltd ("STR")	Malaysia	Provision of vessel chartering services	100%	100%
TMD Sturgeon Ltd ("STU")	Malaysia	Provision of vessel chartering services	100%	100%
Straits Bulkers Maritime Sdn Bhd ("SBM")	Malaysia	Dormant	100%	-
Straits Technology Solutions Sdn Bhd # ("STS")	Malaysia	Investment holding	75%	-
SMF Eden Maritime Ltd ("Eden")	Malaysia	Provision of vessel chartering services	-	100%
<u>Subsidiaries of TMD</u>				
Cavalla Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Dolphin Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Escolar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Phoenix Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name	Country of Incorporation	Principal Activities	Effective equity interest 2021	Effective equity interest 2020
Subsidiaries of TMD (cont'd)				
Oscar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
S3 Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Beluga Ltd ("Beluga")	Malaysia	Provision of vessel chartering services	-	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%
Eden	Malaysia	Provision of vessel chartering services	100%	-
Beluga	Malaysia	Provision of vessel chartering services	51%	-
Sierra Pioneer Marine Ltd ("Sierra")	Malaysia	Provision of vessel chartering services	51%	-
Katsu Pioneer Marine Ltd ("Katsu")	Malaysia	Provision of vessel chartering services	51%	-
Subsidiaries 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%

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name	Country of Incorporation	Principal Activities	Effective equity interest 2021	Effective equity interest 2020
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%	-
Subsidiaries of FML				
Victoria STS (Labuan) Sdn. Bhd. ("Victoria")	Malaysia	Investment holding	70%	-
Subsidiaries of VICTORIA				
Victoria 1 Limited # ("Vic 1")	Malaysia	Investment holding	100%	-
Victoria 2 Limited # ("Vic 2")	Malaysia	Investment holding	100%	-
Subsidiary of SMS				
Straits Maritime Services Pte Ltd ^ ("SMS 2")	Singapore	Provision of shipping services, general cleaning and disinfecting	100%	-
Subsidiaries of STS				
Straits CommNet Solutions Sdn. Bhd. # ("SCS")	Malaysia	Telecommunication and networking	70%	-

^ *Audited by a member firm of Moore Global Network Limited.*

^^ *These subsidiaries have submitted their application to strike off from the register pursuant to Section 550 of the Companies Act 2016 during the financial year.*

* *Included in the equity interests held through TMD is 18%.*

** *Included in the equity interests held through TMD is 14%.*

Incorporated during the 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.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021

Acquisition of subsidiaries by the Company

(i) On 1 March 2021, the Company acquired of 2,250,000 ordinary shares in TMD, representing 15% equity interest in TMD from Dato' Mohd Suhaimi Bin Hashim for a purchase consideration of RM11,749,792 (inclusive of stamp duty of RM35,145) which was satisfied via proceeds from issuance of ordinary shares of the Company.

With the completion of the acquisition, TMD became 70% (2020: 55%) owned subsidiary of the Company.

Effect of the increase in the Company's equity interest in TMD is as follows:

	Group
	2021
	RM
Fair value of consideration transferred	11,749,792
Increase in share of net assets	(2,896,769)
Excess charged directly to equity	8,853,023

(ii) On 30 June 2021, the Company incorporated a new wholly-owned subsidiary, SBM, a dormant company with an issued share capital of RM100 comprising of 100 ordinary shares each.

(iii) On 8 December 2021, the Company subscribed 75% of the paid up share capital of STS for a purchase consideration of RM750.

On 8 December 2021, STS acquired 100% of the paid-up share capital of SCS representing 100 units of ordinary shares for a total purchase consideration of RM100. Subsequently on 9 December 2021, STS has subscribed and paid for RM600 SCS's shares representing 70% of the enlarged issued shares of SCS. Following the subscription, SCS become a 70% owned subsidiary of STS.

Internal restructuring

On 1 July 2021, the Group undergone an internal restructuring exercise by transferring the Company's wholly-owned subsidiary, Eden to SMF. This involves transfer of 100 ordinary shares of USD100 (approximately RM417) each in Eden to SMF for purchase consideration of USD100 (approximately RM417). The effect of the internal transfer resulted Eden to be a 67% indirect owned subsidiary of the Company.

Changes in group structure

(i) On 15 January 2021, Sierra, a 51% indirect owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 via SMF in Labuan.

The issued and paid-up capital of Sierra is USD100 (approximately RM403) comprising 100 ordinary shares of USD1 each.

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021 (cont'd)

Changes in group structure (cont'd)

(ii) On 29 March 2021, FML has subscribed 70% equity interest in Victoria of RM4,200,000. Subsequently on 31 March 2021, the Company had transferred their equity interest of 49% in FML to SPM and an additional of 11% equity interest was acquired from Puan Harison Binti Yusoff for puchase consideration of RM110. Consequently, FML became the Group's 60% indirect-owned subsidiary (2020: 49% associate) via the Company's wholly-owned subsidiary, SPM.

The effect of changes in the equity interest of FML to the Group is as follow:

	As at 1 April 2021 RM
Investment in a subsidiary	4,200,000
Cash and bank balance	1,618
Deposits	(190,000)
Other payables	(4,796)
Amount due to ultimate holding company	(5,336)
Amount due to a immediate holding company	(4,033,175)
Net identifiable liabilities	(31,689)
Net cash flow arising from acqusition of a subsidiary	
Consideration settled in cash	-
Less: Cash and cash equivalents of the subsidiary acquired	1,618
Net cash inflow from acquisition of a subsidiary	1,618
Goodwill arising on acquisition	
Fair value of net identifiable liabilities	(31,689)
Attributable to non-controlling interest	12,676
	(19,013)
Less: Cost of business combination	(600)
Goodwill on consolidation (Note 11)	(19,613)

Subsequently on 9 November 2021, Victoria incorporated 2 new wholly-owned subsidiaries under Labuan Companies Act 1990, namely Vic 1 and Vic 2 with issued share capital of USD100 (approximately RM415) comprising of 100 ordinary shares of USD 1 each.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2021 (cont'd)

Changes in group structure (cont'd)

(iii) On 7 April 2021, SMS incorporated a wholly-owned subsidiary, namely SMS2 in Singapore with an issued and paid-up capital of SGD50,000 (approximately RM154,265) comprising 50,000 ordinary shares of SGD1 each. The principal activity of SMS2 is provision of ship management services.

(iv) On 18 May 2021, SMF incorporated Katsu in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD100 (approximately RM412) comprising 100 ordinary shares of USD1 each. Katsu is 51% owned by SMF.

(v) On 4 January 2021, TMD has disposed its wholly-owned subsidiary, Beluga to SMF. On 18 October 2021, SMF had disposed 49% equity interest of Beluga to Chan Kin Wai for purchase consideration of USD49 (approximately RM198). Consequently, Beluga became a 51% (2020: 100% owned by TMD) owned subsidiary of SMF.

The effect of changes in the equity interest in Beluga to the Group is as follows:

	Group 2021 RM
Carrying amount of non-controlling interest disposed	28,333
Consideration paid to non-controlling interest	-
Increase in Owners' equity	28,333

2020

(i) On 10 February 2020, the Company incorporated a new wholly-owned subsidiary, SPM, an investment holding company with an issued share capital of RM1,530,000 comprising of 1,530,000 ordinary shares each.

Subsequently on 25 February 2020, SPM has subscribed and paid for 1,530,000 MPM's shares, representing 51% of the enlarged issued shares of MPM. Following the subscription, MPM became a 51% owned subsidiary of SPM.

(ii) On 21 February 2020, Beluga, an indirect wholly-owned subsidiary of the Company, was incorporated under the Labuan Companies Act, 1990 via its 55% owned subsidiary, TMD in Labuan.

The issued share capital of Beluga is USD100 (approximately RM417) comprising of 100 ordinary shares of USD 1 each.

(iii) On 25 February 2020, SMF Omura Ltd ("SMF Omura"), an indirect wholly-owned subsidiary of the Company, was incorporated under the Labuan Companies Act, 1990 via its 67% owned subsidiary, SMF in Labuan.

The issued share capital of SMF Omura is USD100 (approximately RM414) comprising of 100 ordinary shares of USD 1 each.

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2020 (cont'd)

(iv) On 18 August 2020, the Company incorporated a new direct wholly-owned subsidiary, Eden under Labuan Companies Act, 1990 with an issued and paid-up share capital of USD100 (approximately RM417) comprising 100 ordinary shares of USD 1 each.

(v) On 30 September 2020, TMD, being the Company's 55% owned subsidiary, entered into a sales and purchase agreement ("SPA") with the associate of the Company, Banle Energy International Limited ("Banle") to acquire 260,000 units of ordinary shares, representing 26% of equity interest of Banle in SMF, a 67% owned subsidiary of the Company for a purchase consideration of USD127,578 (RM532,639). The Company's effective equity interest in SMF shall increase by 4.4% to 81.3% upon completion of the said acquisition.

In addition, TMD took over the entire share application monies that Banle previously invested in SMF (pending allotment of ordinary shares) with purchase consideration of USD646,167 (equivalent to RM2,740,695) of which a discount amounted to USD169,864 (equivalent to RM720,472) was granted by Banle upon completion of the said acquisition.

The final settlement sum for share application monies of USD476,303 (equivalent to RM2,020,223) shall be satisfied by cash by remitting the same directly into the bank account of Banle in five (5) months installments as follow:

Installment No.	Payment Date	RM	USD
1	2 October 2020	109,814	26,303
2	31 October 2020	500,760	120,000
3	30 November 2020	490,200	120,000
4	31 December 2020*	525,400	120,000
5	31 January 2021*	394,049	90,000
		2,020,223	476,303

* *Paid subsequent to financial year end*

The balance purchase consideration for the acquisition of SMF by TMD as at the reporting date are as follows:

	2020 RM
Purchase consideration as per SPA dated 30 September 2020	3,273,334
Less: Discount received	(720,472)
Less: Payments made during the financial year	(1,633,413)
Balance purchase consideration (Note 17)	919,449

The additional acquisition of shares and share application monies in SMF resulted in decrease in non-controlling interests ("NCI") amounted to RM3,273,334 to the Group.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

<u>2020</u> (cont'd)

(vi) On 29 December 2020, the Company submitted separate applications to the Suruhanjaya Syarikat Malaysia ("SSM") for striking off its two (2) 100% owned dormant subsidiaries, namely QSE and QES of which the approval has yet to be obtained as at the reporting date.

<u>Impairment review of investments in subsidiaries</u>

As at 31 December 2021, the Company carried out a review of the recoverable amount of its investments in subsidiaries that having net assets which are lower than the cost of investment. The recoverable amount of subsidiaries have been determined based value-in-use ("VIU") calculation using cash flow projections from financial budgets approved by Board of Directors covering five years period and based on the impairment assessment performed, no impairment loss has been recognised on investment in subsidiaries.

In determining the VIU calculations, the key assumptions used are as follows:

<u>TMD (oil bunkering and trading business)</u>

- Pre-tax discount rate of 11.76% (2020: 10%)
- Budgeted gross margin ranging from 4.91% to 5.52%
- Annual average growth rate ranging from 0% to 4%

<u>SAT (inland transportation services)</u>

- Pre-tax discount rate of 9.16% (2020: 10%)
- Budgeted gross margin ranging from 11.13% to 23.83%
- Annual average growth rate ranging from 2% to 5%

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Subsidiaries of the Group that have NCI

	NCI percentage of ownership and voting interest	(Loss)/profit allocated to NCI (RM)
2021		
SAT	30%	(678,589)
SBSB	49%	(122,527)
SMF	15%	351,566
SMS	49%	802,010
TMD	30%	1,238,444
MPM	49%	466,410
STS	25%	(3,445)
Victoria	58%	(1,648,500)
FML	40%	(4,215)
SCS	48%	(2,651)
Sierra	49%	(163,334)
Beluga	49%	(349,495)
Katsu	49%	(11,982)
		(126,308)
2020		
SAT	30%	(967,967)
SBSB	49%	(70,492)
SMF	19%	465,952
SMS	49%	609,130
TMD	45%	1,355,852
MPM	49%	(260,315)
		1,132,160

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations (cont'd):

	SMS	SAT	SBSB	TMD	SMF	MPM	Victoria	Sierra	Beluga
	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021									
Assets and liabilities									
Non-current assets	193,160	5,595,050	-	45,633,869	93,037,275	10,595,561	11,822,703	10,269,320	13,849,533
Current assets	6,292,278	2,439,361	6,420,980	247,310,206	2,831,113	3,928,200	2,740,762	925,246	1,265,281
Non-current liabilities	-	(4,325,312)	-	(4,536,525)	(36,115,106)	(6,329,134)	-	-	(5,974,805)
Current liabilities	(2,681,812)	(4,035,735)	(16,111)	(243,044,321)	(40,596,321)	(4,774,024)	(11,402,714)	(4,845,294)	(5,741,728)
Net assets/(liabilities)	3,803,626	(326,636)	6,404,869	45,363,229	19,156,961	3,420,603	3,160,751	6,349,272	3,398,281
Results									
Revenue	5,174,489	4,114,598	-	1,301,868,489	9,537,492	11,983,977	-	-	-
Dividend paid	-	-	(1,100,000)	-	-	-	-	-	-
Capital contribution	-	358,521	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	2,847,288	-	-	-	-
Other comprehensive income	35,811	-	-	420,058	851,592	-	-	-	-
Profit/(loss) for the year, representing total comprehensive income for the year	1,636,755	(2,261,964)	(250,056)	3,878,501	2,258,136	951,857	(2,842,242)	(333,335)	(740,041)
Cash flows from:									
- Operating activities	1,970,115	(3,240,314)	4,332,914	46,009,367	4,443,764	717,464	(2,983,854)	(15,341)	(68,584)
- Investing activities	(23,887)	(1,878)	(2,793,043)	(11,924,116)	(4,414,149)	(1,121,624)	(11,638,193)	(398,862)	(70,000)
- Financing activities	(437,138)	3,338,471	(1,371,470)	(4,283,948)	912,474	1,781,216	15,664,575	615,190	145,598

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations (cont'd):

	SMS	SAT	SBSB	TMD	SMF	MPM
	RM	RM	RM	RM	RM	RM
2020						
Assets and liabilities						
Non-current assets	406,793	6,160,201	250,166	42,734,375	40,072,133	12,098,193
Current assets	5,010,917	1,629,017	7,864,695	133,830,942	1,429,466	2,187,173
Non-current liabilities	(112,255)	(2,361,333)	(36,215)	(1,303,343)	(17,241,762)	(5,028,378)
Current liabilities	(3,174,395)	(3,851,078)	(323,721)	(134,197,304)	(11,059,892)	(6,788,242)
Net assets	2,131,060	1,576,807	7,754,925	41,064,670	13,199,945	2,468,746
Results						
Revenue	3,766,934	2,958,711	2,619,365	645,328,132	7,213,924	9,566,719
Profit/(loss) for the year, representing total comprehensive income for the year	1,243,122	(3,226,558)	(143,860)	3,108,645	2,491,724	(531,254)
Cash flows from:						
- Operating activities	33,015	(1,900,973)	(288,724)	(16,311,246)	4,118,470	981,845
- Investing activities	602,034	530,359	29,471	(19,539,863)	(130,615)	(2,985,883)
- Financing activities	(300,509)	1,314,669	218,318	38,254,684	(4,268,181)	2,892,485

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10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At cost				
Unquoted shares				
At 1 January	15,013,639	15,013,639	15,013,639	15,013,639
Derecognition	(490)	-	(490)	-
At 31 December	15,013,149	15,013,639	15,013,149	15,013,639
Share of post-acquisition reserve				
At 1 January	6,304,098	2,122,588	-	-
Addition	4,244,019	4,181,510	-	-
Derecognition	490	-	-	-
At 31 December	10,548,607	6,304,098	-	-
Net carrying amount	25,561,756	21,317,737	15,013,149	15,013,639

Details of the associates as follows:

Name of associate	Country of Incorporation	Principal Activities	Effective equity interest 2021	Effective equity interest 2020
Fajar Maritime And Logistics Sdn. Bhd. ("FML")*	Malaysia	The company has not commenced operations	-	49%
Banle Energy International Ltd ("Banle")	Hong Kong	Provision of bunkering services for marine fuel and petroleum based products	-	38%
Banle International Group Ltd ("BIG")**	British Virgin Island	Investment holding	38%	-

* *During the financial year, the Company transferred its equity interest of 49% in FML to SPM and ceased to be an associate of the Group. Subsequently, FML became the Group's 60% indirect-owned subsidiary via the Company's wholly-owned subsidiary, SPM as disclosed in Note 9.*

** *The Company's associate in prior financial year was Banle. On 17 February 2021, in conjunction with and as an integral part of Banle's Proposed Initial Public Offering ("IPO") at the GEM 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 BIG. Pursuant to the completion of this share-swap, Banle has become a wholly-owned subsidiary of BIG.*

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10. INVESTMENTS IN ASSOCIATES (cont'd)

Derecognition of associate

On 31 March 2021, the Company had transferred 49% equity interest in FML to SPM for a total consideration of RM490.

The effect of the derecognition on the financial positions of the Group and of the Company are as follows:

	Group	Company
	2021	2021
	RM	RM
Total derecognition proceed	490	490
Less: Cost of investment	490	490
Share of post-acquisition results	(490)	-
Net carrying amount of derecognition associate	-	490
Gain on derecognition of associate	490	-

The summarised financial information of the associates are as follows:

	BIG	Banle	FML	
	2021	2020	2021	2020
	RM	RM	RM	RM
As at 31 December				
Assets and liabilities				
Non-current assets	1,474,040	2,476,005	-	-
Current assets	106,278,850	92,117,532	-	1,640
Current liabilities	(75,468,744)	(73,188,909)	-	(30,240)
Non-current liabilities	(79,979)	(368,927)	-	-
Net assets/(liabilities)	32,204,167	21,035,701	-	(28,600)
For the financial year ended 31 December				
Results				
Revenue	1,359,490,691	984,737,458	-	-
Profit/(loss) for the year, representing total comprehensive income for the year	11,168,470	11,003,974	-	(8,483)

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10. INVESTMENTS IN ASSOCIATES (cont'd)

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

	Group	
	2021	**2020**
	RM	**RM**
Reconciliation of net assets to carrying amount at the end of the financial year		
Group's share of net assets	12,237,585	7,993,566
Goodwill	13,324,171	13,324,171
Carrying amount in the statements of financial position	25,561,756	21,317,737
Group's share of results for the financial year ended 31 December		
Profit for the financial year, representing total comprehensive income for the year	4,244,019	4,181,510

11. GOODWILL

	Group	
	2021	**2020**
	RM	**RM**
Gross amount		
At 1 January	30,558,958	30,558,958
Addition (Note 9)	19,613	-
Written off	(19,613)	-
At 31 December	30,558,958	30,558,958
Accumulated impairment loss		
At 1 January/31 December	-	-
Net amount	30,558,958	30,558,958

During the financial year, the addition of goodwill of RM19,613 arose upon the acquisition of FML by SPM which principally engaged as an investment holding and the management decided to write off the goodwill as FML was in unfavorable financial position as at date of acquisition.

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11. GOODWILL (cont'd)

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	
	2021	**2020**
	RM	**RM**
TMD	30,558,958	30,558,958

For the purpose of impairment testing, goodwill is allocated to the Group's CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Management has assessed the recoverable amount of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGUs projected based on the financial budget for 2022 and projected revenue growth covering a period of 5 years.

The key assumptions used in the determination of recoverable amount are as follows:

(i) Budgeted gross margin

The budgeted gross margin range from 4.91% to 5.52% (2020: 2.36% to 2.91%). 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.

(ii) Annual average growth rate

The annual average growth rate of the product mix in the business operation range from 0% to 4% (2020: 1% to 12%). Pre-tax cash flows projections based on the most recent financial budgets approved by the management covering a 5 years period based on the growth rate.

(iii) Pre-tax discount rate

A pre-tax discount rate of 11.76% (2020: 10%) was 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. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

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12. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	1,117,534	(213,966)	-	-
Recognised in profit or loss (Note 6)	3,426,665	1,331,500	-	-
At 31 December	4,544,199	1,117,534	-	-

Presented after appropriate set-off as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets	(1,873,999)	(8,012,960)	(33,566)	(21,694)
Deferred tax liabilities	6,418,198	9,130,494	33,566	21,694
	4,544,199	1,117,534	-	-

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets				
Unutilised tax losses	-	(2,711,356)	-	(9,156)
Unabsorbed capital allowances	(220,605)	(2,905,813)	(18,269)	(8,913)
Other deductible temporary differences	(1,653,394)	(2,395,791)	(15,297)	(3,625)
	(1,873,999)	(8,012,960)	(33,566)	(21,694)
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	5,224,492	7,631,469	15,297	18,069
Other taxable temporary differences	1,193,706	1,499,025	18,269	3,625
	6,418,198	9,130,494	33,566	21,694
	4,544,199	1,117,534	-	-

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12. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

The estimated differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	8,428,000	5,384,300	3,820,600	2,356,100
Unabsorbed capital allowances	1,352,100	770,400	18,700	-
Other deductible temporary differences	336,300	355,500	3,000	2,300
	10,116,400	6,510,200	3,842,300	2,358,400

13. INVENTORIES

	Group	
	2021	**2020**
	RM	**RM**
At cost:		
Bunkering marine oil	37,713,881	18,046,187
Spare parts	186,180	129,216
	37,900,061	18,175,403
Inventories recognised in cost of sales	1,250,220,986	571,271,916

14. TRADE RECEIVABLES

	Group	
	2021	**2020**
	RM	**RM**
Gross amounts	53,881,153	65,015,820
Less: Allowance for expected credit losses		
At 1 January	(1,307,781)	(1,359,681)
Additions	(353,842)	(551,985)
Reversal	475	603,885
At 31 December	(1,661,148)	(1,307,781)
Net carrying amount	52,220,005	63,708,039

14. TRADE RECEIVABLES (cont'd)

The Group's normal trade credit term ranging from 30 to 60 days (2020: 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 RM285,709 (2020: RM180,891) which were due from related parties of which certain Director of a subsidiary has substantial financial interest.

15. OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Other receivables	67,308,277	40,697,530	22,580	120,409
Less: Allowance for expected credit losses	-	(12,756)	-	-
	67,308,277	40,684,774	22,580	120,409
Deposits	20,834,295	3,010,390	17,252	16,502
Prepayments	8,398,110	3,745,654	649,629	1,082,275
	96,540,682	47,440,818	689,461	1,219,186

Included in other receivables of the Group is an amount of RM66,529,660 (2020: RM39,409,064) being advance payments to suppliers for purchase of cargo oil.

Included in deposits of the Group is an amount of RM18,150,000 (2020: RM750,000) being deposits paid for bank guarantees extended to third party supplier. Also included in deposits of the Group is an amount of RM983,185 (2020: 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 and of the Company is an amount of RM nil (2020: RM1,033,304) which relates to consultancy fees paid for planning framework of a potential future port venture arrangement in Labuan. Also included in the prepayments of the Group is an amount of RM2,353,971 (2020: RM nil) 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 35) prior to TMD's acquisition by the Company in 2018, an amount of RM768,600 (2020: RM nil) which relates to prepaid dry docking precedures which has yet to be completed as at the reporting date and an amount of RM786,750 (2020: RM nil) being prepaid expenses in relation to an ongoing corporate exercise of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Amounts due from subsidiaries		
- Non-current (Note a)	1,141,479	-
- Current (Note b)	29,372,458	19,898,925
Gross amount	30,513,937	19,898,925
Less: Allowance for expected credit losses		
At 1 January	-	(5,856)
Written off	-	5,856
At 31 December	-	-
Carrying amount	30,513,937	19,898,925
Amount due to a subsidiary (Note b)	(21,132,888)	(21,509,242)

(a) This amount is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash. However, this amount is not expected to be settled within the twelve (12) months after the reporting date.

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

17. AMOUNTS DUE FROM/(TO) ASSOCIATES

In prior financial year, the amounts due from/(to) associates were non-trade in nature, unsecured, interest free and were collectible/(repayable) on demand. Included in the amount due to an associate in prior financial year was an amount of RM919,449 due to balance purchase consideration to Banle as disclosed in Note 9, net of foreign exchange difference RM76,719.

18. FIXED DEPOSIT WITH A LICENSED BANK

The effective interest rate of the deposit placed with a licensed bank is 1.65% (2020: nil) and has maturity period of 365 days (2020: nil).

The fixed deposit is pledged to borrowing facility granted to the Group as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
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19. SHARE CAPITAL

	Group and Company		Group and Company	
	Number of Ordinary Shares		Amount	
	2021	**2020**	**2021**	**2020**
	Units	**Units**	**RM**	**RM**
Issued and fully paid:				
At 1 January	650,658,246	650,658,246	104,465,174	104,465,174
Issued during the year	130,131,649	-	20,430,669	-
At 31 December	780,789,895	650,658,246	124,895,843	104,465,174

On 1 March 2021, the issued and paid-up share capital of the Company was increased from RM104,465,174 to RM124,895,843 by way of issuance of 130,131,649 new ordinary shares at RM0.157 each for the purpose of acquisition of 2,250,000 ordinary shares amounting to RM11,749,792, representing 15% equity interest in TMD and the remaining proceeds of RM8,680,877 for working capital purposes.

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

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

20. RESERVES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-distributable:				
Warrant reserve [Note(a)]	17,625,762	17,625,762	17,625,762	17,625,762
Other reserve [Note(b)]	(17,625,762)	(17,625,762)	(17,625,762)	(17,625,762)
Foreign currency translation reserve [Note(c)]	652,911	(594,874)	-	-
	652,911	(594,874)	-	-
Attributable to:				
Owners of the Company	652,911	(594,874)	-	-

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20. RESERVES (cont'd)

(a) Warrant 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.

As at 31 December 2021, the total numbers of Warrants that remain unexercised were 153,267,500 (2020: 153,267,500).

(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 foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

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21. LEASE LIABILITIES

Group	Lease of Premises RM	Motor Vehicles RM	Total RM
2021			
Minimum lease payments:			
Within 1 year	1,861,920	1,860,595	3,722,515
More than 1 year and less than 2 years	1,375,400	2,078,319	3,453,719
More than 2 years and less than 5 years	2,780,200	3,400,481	6,180,681
	6,017,520	7,339,395	13,356,915
Less: Future finance charges	(513,897)	(702,712)	(1,216,609)
Present value of lease payables	5,503,623	6,636,683	12,140,306
Present value of lease liabilities:			
Within 1 year	1,638,283	1,572,711	3,210,994
More than 1 year and less than 2 years	1,223,537	1,855,561	3,079,098
More than 2 years and less than 5 years	2,641,803	3,208,411	5,850,214
	5,503,623	6,636,683	12,140,306
Representing by:			
Current liability	1,638,283	1,572,711	3,210,994
Non-current liability	3,865,340	5,063,972	8,929,312
	5,503,623	6,636,683	12,140,306

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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21. LEASE LIABILITIES (cont'd)

Group (cont'd)	Lease of Premises RM	Motor Vehicles RM	Total RM
2020			
Minimum lease payments:			
Within 1 year	1,848,703	1,121,880	2,970,583
More than 1 year and less than 2 years	1,710,651	1,109,768	2,820,419
More than 2 years and less than 5 years	3,960,000	1,694,435	5,654,435
	7,519,354	3,926,083	11,445,437
Less: Future finance charges	(784,705)	(297,286)	(1,081,991)
Present value of lease payables	6,734,649	3,628,797	10,363,446
Present value of lease liabilities:			
Within 1 year	1,557,801	981,585	2,539,386
More than 1 year and less than 2 years	1,499,354	1,015,198	2,514,552
More than 2 years and less than 5 years	3,677,494	1,632,014	5,309,508
	6,734,649	3,628,797	10,363,446
Representing by:			
Current liability	1,557,801	981,585	2,539,386
Non-current liability	5,176,848	2,647,212	7,824,060
	6,734,649	3,628,797	10,363,446

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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21. LEASE LIABILITIES (cont'd)

Company	Lease of Premises RM	Motor Vehicles RM	Total RM
2021			
Minimum lease payments:			
Within 1 year	88,000	65,652	153,652
More than 1 year and less than 2 years	17,000	38,285	55,285
	105,000	103,937	208,937
Less: Future finance charges	(3,004)	(3,867)	(6,871)
Present value of lease payables	101,996	100,070	202,066
Present value of lease liabilities:			
Within 1 year	85,159	62,355	147,514
More than 1 year and less than 2 years	16,837	37,715	54,552
	101,996	100,070	202,066
Representing by:			
Current liability	85,159	62,355	147,514
Non-current liability	16,837	37,715	54,552
	101,996	100,070	202,066

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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21. LEASE LIABILITIES (cont'd)

Company	Lease of Premises RM	Motor Vehicles RM	Total RM
2020			
Minimum lease payments:			
Within 1 year	16,000	65,652	81,652
More than 1 year and less than 2 years	-	65,652	65,652
More than 2 years and less than 5 years	-	38,285	38,285
	16,000	169,589	185,589
Less: Future finance charges	(155)	(10,096)	(10,251)
Present value of lease payables	15,845	159,493	175,338
Present value of lease liabilities:			
Within 1 year	15,845	59,423	75,268
More than 1 year and less than 2 years	-	62,355	62,355
More than 2 years and less than 5 years	-	37,715	37,715
	15,845	159,493	175,338
Representing by:			
Current liability	15,845	59,423	75,268
Non-current liability	-	100,070	100,070
	15,845	159,493	175,338

The effective interest rates per annum at the reporting date for the lease liabilities of the Group and the Company are ranging from 3.88% to 6.72% (2020: 4.25% to 5.99%) and 4.84% to 4.87% (2020: 4.84% to 4.87%) respectively.

22. TERM LOAN

	Group 2021 RM	Group 2020 RM
Secured		
Current	181,470	-
Non-current	731,944	-
	913,414	-

22. TERM LOAN (cont'd)

	Group	
	2021	**2020**
	RM	**RM**
Maturity profile of term loan:		
Repayable within one year	181,470	-
Repayable between one to five years	731,944	-
	913,414	-

The term loan of the Group is secured by the following:

(i) Corporate guarantee by the Company and a subsidiary's Director related company; and

(ii) Fixed deposit of RM500,000 (Note 18).

The effective interest rate per annum at the reporting date is 6.24% (2020: nil).

23. TRADE PAYABLES

The normal trade credit terms granted to the Group are ranging from cash in advance to 30 days (2020: cash in advance to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade payables is an amount of RM1,206,978 (2020: RM nil) which were due to related parties of which certain Directors of the Company have substantial financial interests.

24. OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-current				
Vendor financing liabilities (Note a)	22,114,730	24,899,127	-	-
Current				
Other payables	7,115,592	13,958,951	97,642	740,738
Accruals	77,789,975	14,572,968	671,839	471,511
Amounts due to Directors	1,100,123	1,571,236	-	35,017
Vendor financing liabilities (Note a)	12,969,582	11,354,694	-	-
	98,975,272	41,457,849	769,481	1,247,266
	121,090,002	66,356,976	769,481	1,247,266

NOTES TO THE FINANCIAL STATEMENTS
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24. OTHER PAYABLES (cont'd)

Included in the other payables of the Group is an amount of RM1,902,544 (2020: RM4,364,413) owing to vendors pertaining to acquisition of the Group's property, plant and equipment. An amount of RM nil (2020: RM2,854,607) and RM1,079,531 (2020: RM nil) out of the RM1,900,244 (2020: RM4,364,413) were due to related parties of which certain Directors of subsidiaries have substantial financial interests and shareholder of certain subsidiaries respectively. Also included in the other payables of the Group is an amount of RM140,375 (2020: RM630,568) which relates to payment on behalf by related parties of which certain Directors of a subsidiary have substantial financial interests.

Included in accruals of the Group is an amount of RM70,937,793 (2020: RM11,031,147) which relates to accrued purchases of cargo oil of which suppliers' invoices were yet to be received as at the reporting date.

Note a

The Group has entered into Memorandum of Agreement ("MOA") with third parties (hereinafter "Vendor") for financing arrangement for the purchase of oil tankers (SMF Begonia Ltd, SMF Ixora Ltd, SMF Eden 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.

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24. OTHER PAYABLES (cont'd)

Note a (cont'd)

SMF Eden Ltd:

(i) The first component is the sum of USD550,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on 17 September 2020 and 29 September 2020;

(ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor the sum of USD100,000 per month beginning from the first to the 35th calendar months after the date of the vessel being delivered; and

(iii) For the third component (hereinafter "Third Component"), the Group shall pay the Vendor the sum of USD550,000 in on the date falling thirteen months from the delivery date of the vessel.

SMF Beluga Ltd:

(i) The first component is the sum of USD1,000,000 (hereinafter "First Component"). The First Component was paid by certain shareholders of the Group through capital contribution and the Company to the Vendor on 18 October 2021 and 8 November 2021.

(ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor the sum of USD70,000 per month beginning from the first to the 35th calendar months after the date of the vessel being delivered.

(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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24. OTHER PAYABLES (cont'd)

Note a (cont'd)

Group	SMF Begonia Ltd RM	SMF Ixora Ltd RM	SMF Eden Ltd RM	SMF Beluga Ltd RM	Total RM
2021					
Minimum payments:					
Within 1 year	2,998,800	3,244,702	4,998,000	3,498,600	14,740,102
More than 1 year and less than 2 years	2,998,800	3,244,702	3,332,000	3,498,600	13,074,102
More than 2 years and less than 5 years	4,831,400	2,431,697	-	2,832,200	10,095,297
	10,829,000	8,921,101	8,330,000	9,829,400	37,909,501
Less: Future finance charges	(634,992)	(970,378)	(382,596)	(837,223)	(2,825,189)
Present value of vendor financing payables	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312
Present value of vendor financing payables					
Within 1 year	2,597,323	2,673,893	4,680,994	3,017,372	12,969,582
More than 1 year and less than 2 years	2,793,964	2,922,972	3,266,410	3,219,995	12,203,341
More than 2 years and less than 5 years	4,802,721	2,353,858	-	2,754,810	9,911,389
	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312
Representing by:					
Current liability	2,597,323	2,673,893	4,680,994	3,017,372	12,969,582
Non-current liability	7,596,685	5,276,830	3,266,410	5,974,805	22,114,730
	10,194,008	7,950,723	7,947,404	8,992,177	35,084,312

NOTES TO THE FINANCIAL STATEMENTS
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24. OTHER PAYABLES (cont'd)

Note a (cont'd)

Group (cont'd)	SMF Begonia Ltd RM	SMF Ixora Ltd RM	SMF Eden Ltd RM	Total RM
2020				
Minimum payments:				
Within 1 year	2,889,360	3,126,288	7,022,750	13,038,398
More than 1 year and less than 2 years	2,889,360	3,126,288	4,815,600	10,831,248
More than 2 years and less than 5 years	7,544,440	5,482,910	3,210,400	16,237,750
	13,323,160	11,735,486	15,048,750	40,107,396
Less: Future finance charges	(1,188,113)	(1,738,605)	(926,857)	(3,853,575)
Present value of vendor financing payables	12,135,047	9,996,881	14,121,893	36,253,821
Present value of vendor financing payables				
Within 1 year	2,553,845	2,336,321	6,464,528	11,354,694
More than 1 year and less than 2 years	2,502,535	2,576,310	4,510,159	9,589,004
More than 2 years and less than 5 years	7,078,667	5,084,250	3,147,206	15,310,123
	12,135,047	9,996,881	14,121,893	36,253,821
Representing by:				
Current liability	2,553,845	2,336,321	6,464,528	11,354,694
Non-current liability	9,581,202	7,660,560	7,657,365	24,899,127
	12,135,047	9,996,881	14,121,893	36,253,821

The effective interest rates per annum on the above vendor financing arrangements are ranging from 5.24% to 7.93% (2020: 5.24% to 7.93%).

25. TAWARRUQ WORKING CAPITAL FINANCING-I

This facility bears interest is 7% (2020: 7% to 8.25%) per annum and the repayment term were up to 90 days (2020: 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; and

- Corporate guarantee by the Company.

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26. DIVIDEND

	Group 2021 RM
Interim single tier tax exempt interim dividend for financial year ended 31 December 2021:	
RM3.67 per ordinary share (paid on 20 August 2021) to non-controlling interests by a subsidiary	539,000

27. 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

	2021 RM	2020 RM
Group		
Transactions with associates		
Sales	-	(5,566,042)
Consultancy fees	-	83,026
Repayment to	(842,730)	(17,587)
Repayment from/(advance to)	23,980	(9,442)
Transactions with related parties		
Sales	(2,648,943)	(1,540,703)
Shipping agency services	7,811,700	-
(Repayment to)/advances from	(2,490,193)	2,273,213

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27. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

	2021 RM	2020 RM
Group (cont'd)		
Directors		
Reimbursable legal fees	2,353,971	-
(Repayment to)/advances from	(471,113)	478,624
Company		
Transactions with associates		
Repayment from/(advance to)	23,980	(9,442)
Repayment to	-	(17,587)
Director		
(Repayment to)/advance from	(35,017)	(4,121)
Transactions with subsidiaries		
Capital contribution	(358,521)	-
Dividend received	5,511,000	-
Management fees	1,104,000	1,692,000
Net (advances to)/repayment from	(4,434,866)	8,163,053

Information regarding outstanding balances arising from related party transaction as at reporting date are disclosed in Notes 14, 16, 17, 23 and 24 respectively.

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel is referring to all the Directors of the Company.

Remuneration paid by the Group and the Company to key management personnel during the financial year is disclosed in Note 5(a).

NOTES TO THE FINANCIAL STATEMENTS
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28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

Investment holding	Provision of management services.
Oil trading, bunkering services and fresh water services	International supply of petroleum products and provision of marine bunkering and related services to vessels.
Ship management services	Provision of ship management and related services to ship owner/ operator.
Chartering services	Chartering of vessels.
Inland transportation services	Transportation of cement and related products.
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.
Others	Dormant subsidiaries.

28. OPERATING SEGMENTS (cont'd)

	Note	Investment holding	Oil trading, bunkering and fresh water services	Ship management services	Chartering services	Inland transportation services	Port management and facility management services	Others	Total	Adjustments & Eliminations	Group
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021											
Profit or loss											
Revenue from external customers		-	1,301,868,489	1,056,316	-	4,114,598	11,983,977	-	1,319,023,380	-	1,319,023,380
Inter-segment revenue	(a)	7,035,009	-	4,118,173	10,871,907	-	-	-	22,025,089	(22,025,089)	-
Total revenue		7,035,009	1,301,868,489	5,174,489	10,871,907	4,114,598	11,983,977	-	1,341,048,469	(22,025,089)	1,319,023,380
Results											
Interest income		916	30,385	5,231	-	71	2,543	-	39,146	-	39,146
Interest expense		(10,713)	(4,620,331)	(9,957)	(1,765,518)	(228,618)	(425,903)	(1,170)	(7,062,210)	(320,058)	(7,382,268)
Depreciation of property, plant and equipment		(231,220)	(5,560,363)	(244,102)	(4,257,603)	(957,395)	(2,653,450)	(27,533)	(13,931,666)	-	(13,931,666)
Share of results of associates		-	623,014	-	-	-	-	-	623,014	4,363,356	4,986,370
Other non-cash income/ (expenses)	(b)	924,187	1,201,084	(16,423)	(450,013)	-	(177,601)	(217,954)	1,263,280	460,921	1,724,201
Segment profit/(loss) before tax	(c)	2,684,216	7,691,366	1,833,357	2,031,000	(2,261,964)	(1,590,612)	(294,673)	10,092,690	(416,012)	9,676,678
Segment assets											
Investments in associates		15,013,149	4,240,832	-	-	-	-	-	19,253,981	6,307,775	25,561,756
Additions to non-current assets		329,497	5,516,884	23,887	36,586,233	392,244	12,929,468	-	55,778,213	(8,815,579)	46,962,634
Segment assets	(d)	141,781,298	292,944,075	6,485,438	102,089,966	8,034,411	29,089,485	7,327,664	587,752,337	(140,313,452)	447,438,885
Segment liabilities	(e)	22,614,995	247,580,846	2,681,812	77,276,047	8,361,047	26,777,334	150,103	385,442,184	(83,227,295)	302,214,889

28. OPERATING SEGMENTS (cont'd)

	Note	Investment holding	Oil trading and bunkering services	Ship management services	Chartering services	Inland transportation services	Port management and facility management services	Others	Total	Adjustments & Eliminations	Group
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2020											
Profit or loss											
Revenue from external customers		-	662,243,816	546,943	-	2,958,711	9,566,719	-	675,316,189	-	675,316,189
Inter-segment revenue	(a)	1,692,000	-	3,219,991	9,464,116	-	-	-	14,376,107	(14,376,107)	-
Total revenue		1,692,000	662,243,816	3,766,934	9,464,116	2,958,711	9,566,719	-	689,692,296	(14,376,107)	675,316,189
Results											
Interest income		2	12,322	145	-	46	624	-	13,139	-	13,139
Interest expense		(11,106)	(3,433,878)	(18,904)	(2,065,539)	(186,102)	(257,216)	-	(5,972,745)	-	(5,972,745)
Depreciation of property, plant and equipment		(158,440)	(6,449,157)	(236,847)	(2,356,053)	(915,732)	(1,700,665)	-	(11,816,894)	-	(11,816,894)
Share of results of associates		-	103,898	-	-	-	-	-	103,898	5,172,759	5,276,657
Other non-cash (expenses)/income	(b)	(9,003)	406,060	(1,943)	(384,752)	(449,374)	-	-	(439,012)	(72,900)	(511,912)
Segment (loss)/profit before tax	(c)	(2,271,928)	4,351,713	1,358,531	2,349,255	(2,919,958)	(543,565)	(27,647)	2,296,401	4,170,266	6,466,667
Segment assets											
Investments in associates		15,013,639	3,431,986	-	-	-	-	-	18,445,625	2,872,112	21,317,737
Additions to non-current assets		13,158	2,870,872	16,648	18,534,906	788,670	13,798,858	-	36,023,112	-	36,023,112
Segment assets	(d)	118,791,283	207,565,336	5,417,710	67,119,192	7,789,218	14,286,083	4,455	420,973,277	(106,502,617)	314,470,660
Segment liabilities	(e)	22,932,381	152,870,811	3,286,650	49,228,903	7,512,411	11,829,648	110,920	247,771,724	(59,466,410)	188,305,314

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28. 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	
	2021	**2020**
	RM	**RM**
Allowance for expected credit losses on trade receivables	353,842	551,985
Reversal of allowance for expected credit losses on trade receivables	(475)	(603,885)
Bad debts written off	41,622	-
Deposits written off	140,000	5,640
Shortfall on profit guarantee	(1,019,038)	-
Loss on disposal of property, plant and equipment	-	160,596
Other receivables written off	186,200	-
Gain on derecognition of an associate	(490)	-
Goodwill written off	19,613	-
Property, plant and equipment written off	1,595	9,632
Realised loss/(gain) on foreign exchange	496,436	(769,705)
Unrealised (gain)/loss on foreign exchange	(1,943,506)	1,157,649
	(1,724,201)	511,912

(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	
	2021	**2020**
	RM	**RM**
Share of results of an associate	4,986,370	5,276,657
Other (income)/expenses	(5,402,382)	(1,106,391)
	(416,012)	4,170,266

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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28. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of assets:

	Group	
	2021	**2020**
	RM	**RM**
Segment assets	447,096,393	314,169,439
Tax recoverable	342,492	301,221
Total assets	447,438,885	314,470,660

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statements of financial position:

	Group	
	2021	**2020**
	RM	**RM**
Goodwill	30,558,958	30,558,958
Property, plant and equipment	(12,026)	(12,026)
Inter-segment assets	(170,860,384)	(137,049,549)
	(140,313,452)	(106,502,617)

(e) Reconciliation of liabilities:

	Group	
	2021	**2020**
	RM	**RM**
Segment liabilities	296,392,782	186,492,345
Deferred tax liabilities	4,544,199	1,117,534
Tax payable	1,277,908	695,435
Total liabilities	302,214,889	188,305,314

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	Group	
	2021	**2020**
	RM	**RM**
Inter-segment liabilities	(83,227,295)	(59,466,410)

28. OPERATING SEGMENTS (cont'd)

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% (2020: less than 1%) of the Groups' total revenue and therefore, information on geographical segment is not presented.

Major customers

The following is the Group's major customer with revenue equal or more than 10% of Group's total revenue.

	External Revenue		
	2021	**2020**	
	RM	**RM**	**Segment**
Customer A	918,112,990	400,938,819	Oil trading and bunkering services

29. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

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 (2020: 4 customers) constituting 68% (2020: 84%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

The Group applies the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group assesses impairment of trade receivables on individual and collective 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.

NOTES TO THE FINANCIAL STATEMENTS
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29. 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)

For collective assessment, the Group uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics. Loss rates under collective assessment are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

Consistent with debt recovery process, invoices which are past due between 90 to 210 days after the lapse of credit term granted by the Group will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross	Loss Allowances	Net
	RM	RM	RM
Group			
2021			
Not past due	27,505,096	-	27,505,096
Past due:			
1 to 30 days	3,272,153	-	3,272,153
31 to 60 days	4,647,134	-	4,647,134
61 to 90 days	3,324,648	-	3,324,648
More than 90 days	8,765,203	(26,685)	8,738,518
	47,514,234	(26,685)	47,487,549
Credit impaired			
Individually impaired	6,366,919	(1,634,463)	4,732,456
	53,881,153	(1,661,148)	52,220,005

NOTES TO THE FINANCIAL STATEMENTS
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29. 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)

	Gross	Loss Allowances	Net
	RM	RM	RM
Group (cont'd)			
2020			
Not past due	26,445,318	(11,857)	26,433,461
Past due:			
1 to 30 days	4,595,754	(3,294)	4,592,460
31 to 60 days	663,896	(4,594)	659,302
61 to 90 days	403,997	-	403,997
More than 90 days	180,260	(155,422)	24,838
	32,289,225	(175,167)	32,114,058
Credit impaired			
Individually impaired	32,726,595	(1,132,614)	31,593,981
	65,015,820	(1,307,781)	63,708,039

The movements in the allowance for impairment in respect of trade receivables during the year is disclosed in Note 14.

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 90 to 210 days past due and without subsequent settlement. These receivables are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

The Group has not provided allowance for expected losses on these trade debtors as there have been no significant changes in their credit qualities and the amounts are still considered recoverable. These trade debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and outstanding balances usually settled within the 90 to 210 days past due. The Group does not hold any collateral or other credit enhancement over these balances.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivable. As at reporting date, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has provided allowances for expected credit losses on these amounts as disclosed in Note 15.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and associate. The Company monitors the ability of the subsidiaries and associate 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 and associate have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' and associate's financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' and associate's loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries and associate 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 and associate. The Company does not specifically monitor the ageing of the current advances to subsidiaries and associate. The Company monitors the results of the subsidiaries and associate 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.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Financial guarantee (cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM71,607,175 (2020: RM70,898,324) representing outstanding banking facilities of the subsidiaries at the end of the reporting date. The financial guarantee is provided as credit enhancements to the subsidiaries' banking facilities.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay their credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and having deficits in shareholders' fund.

This financial guarantee is subject to the impairment requirements under MFRS 9. There was no indication that the subsidiaries which were granted with the banking facilities (Notes 22 and 25) 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	
	2021	**2020**
	RM	**RM**
Floating rate instruments		
Term loan	913,414	-
Tawarruq Working Capital Financing-i	70,693,761	70,898,324
	71,607,175	70,898,324

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk (cont'd)

Exposure in interest rate risk (cont'd)

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 (cont'd):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Lease liabilities	12,140,306	10,363,446	202,066	175,338
Vendor financing liabilities	35,084,312	36,253,821	-	-
	47,224,618	46,617,267	202,066	175,338

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	(Decrease)/increase in profit net of tax/equity	
	2021	**2020**
	RM	**RM**
Group		
Effect on profit after tax/equity		
Increase of 100 basis points	(544,215)	(538,827)
Decrease of 100 basis points	544,215	538,827

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis

The table below shows the maturity profile of the Group's financial liabilities as at the end of the reporting date based on undiscounted contractual payments:

	Carrying amount	Total Contractual cash flows	← Contractual cash flows On demand or within 1 year	1 to 2 years	2 to 5 years →
	RM	RM	RM	RM	RM
Group					
2021					
Trade payables	91,555,299	91,555,299	91,555,299	-	-
Other payables	121,090,002	123,915,191	100,745,792	13,074,102	10,095,297
Lease liabilities	12,140,306	13,356,915	3,722,515	3,453,719	6,180,681
Term loan	913,414	1,050,008	233,335	233,335	583,338
Tawarruq Working Capital Financing-i	70,693,761	75,642,324	75,642,324	-	-
	296,392,782	305,519,737	271,899,265	16,761,156	16,859,316
2020					
Trade payables	38,030,869	38,030,869	38,030,869	-	-
Other payables	66,356,976	70,210,551	43,141,553	10,831,248	16,237,750
Lease liabilities	10,363,446	11,445,437	2,970,583	2,820,419	5,654,435
Amount due to an associate	842,730	842,730	842,730	-	-
Tawarruq Working Capital Financing-i	70,898,324	76,747,436	76,747,436	-	-
	186,492,345	197,277,023	161,733,171	13,651,667	21,892,185

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29. 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:

		← Contractual cash flows →			
	Carrying amount	Total Contractual cash flows	On demand or within 1 year	1 to 2 years	2 to 5 years
	RM	RM	RM	RM	RM
Company					
2021					
Other payables	769,481	769,481	769,481	-	-
Amount due to a subsidiary	21,132,888	21,132,888	21,132,888	-	-
Lease liabilities	202,066	208,937	153,652	55,285	-
Financial guarantees*	-	71,693,761	71,693,761	-	-
	22,104,435	93,805,067	93,749,782	55,285	-
2020					
Other payables	1,247,266	1,247,266	1,247,266	-	-
Amount due to a subsidiary	21,509,242	21,509,242	21,509,242	-	-
Lease liabilities	175,338	185,589	81,652	65,652	38,285
Financial guarantees*	-	70,898,324	70,898,324	-	-
	22,931,846	93,840,421	93,736,484	65,652	38,285

* *This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.*

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29. 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 Euro ("EURO"), 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:

	EURO	GBP	USD	SGD	HKD
	RM	RM	RM	RM	RM
Group					
2021					
Cash at banks	2,199	-	23,859,019	-	-
Trade receivables	-	-	34,185,388	699,428	-
Other receivables	-	-	24,791	55,889	-
Trade payables	-	-	(1,812,333)	-	-
Other payables	-	(155,097)	(1,114,762)	(226,178)	(251,760)
	2,199	(155,097)	55,142,103	529,139	(251,760)
2020					
Cash at banks	2,440	-	50,527	348	-
Trade receivables	-	-	29,538,970	4,845	-
Other receivables	-	-	23,886	209,889	-
Trade payables	-	-	(6,383,690)	(42,496)	-
Other payables	-	(274,265)	(575,706)	(407,473)	-
Amount due to an associate	-	-	(842,730)	-	-
	2,440	(274,265)	21,811,257	(234,887)	-

29. 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	SGD
	RM	**RM**
Company		
2021		
Amounts due from subsidiaries	346,503	-
Cash at banks	2,384	-
	348,887	-
2020		
Amounts due from subsidiaries	-	17,273
Cash at banks	2,297	-
	2,297	17,273

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currencies at the end of the reporting date would have (decreased)/increased profit after tax and equity by the amounts shown below:

		(Decrease)/increase in Profit net of tax/equity	
		2021	**2020**
		RM	**RM**
Group			
Effect on profit net of tax/equity			
RM/HKD	- Strengthened by 10% (2020: 10%)	19,134	-
	- Weakened by 10% (2020: 10%)	(19,134)	-
RM/GBP	- Strengthened by 10% (2020: 10%)	11,787	20,844
	- Weakened by 10% (2020: 10%)	(11,787)	(20,844)
RM/USD	- Strengthened by 10% (2020: 10%)	(4,190,800)	(1,657,656)
	- Weakened by 10% (2020: 10%)	4,190,800	1,657,656
RM/EURO	- Strengthened by 10% (2020: 10%)	(167)	(185)
	- Weakened by 10% (2020: 10%)	167	185
RM/SGD	- Strengthened by 10% (2020: 10%)	(40,215)	17,851
	- Weakened by 10% (2020: 10%)	40,215	(17,851)

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29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis (cont'd)

The 10% strengthening/weakening of the functional currency of the Company against the foreign currencies at the end of the reporting date would have an immaterial effect on the profit after tax and equity of the Company.

30. 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.

31. 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 loan and lease liabilities, less cash and bank balances whilst total capital is equity attributable to Owners of the Company.

The net debts-to-equity ratios at end of the reporting date were:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Lease liabilities (Note 21)	12,140,306	10,363,446	202,066	175,338
Term loan (Note 22)	913,414	-	-	-
Tawarruq Working Capital Financing-i (Note 25)	70,693,761	70,898,324	-	-
	83,747,481	81,261,770	202,066	175,338

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

31. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Less: Fixed deposit with a licensed bank	(500,000)	-	-	-
Less: Cash and bank balances	(46,599,323)	(11,601,154)	(345,088)	(414,542)
Net debts/(cash)	36,648,158	69,660,616	(143,022)	(239,204)
Total equity attributable to Owners of the Company	130,861,496	113,704,681	118,900,142	95,858,902
Debts-to-equity ratio	28.00%	61.26%	NA	NA

NA - Not meaningful

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group is required to comply with the following financial covenants in relation to the Group's term loan facility (Note 22):

- 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.

32. CAPITAL COMMITMENT

	Group	
	2021	**2020**
	RM	**RM**
Approved and contracted for:		
Acquisition of oil tanker (Note 15)	8,848,665	8,848,665
Approved but not contracted for:		
Renovation in progress at Labuan Port	-	322,173
Dry-docking expenditures	1,731,400	896,623

33. SIGNIFICANT EVENTS

The significant events during the financial year are as follows:

(i) On 29 March 2021, FML has subscribed 70% equity interest in Victoria. Subsequently on 31 March 2021, the Company and Puan Harison Binti Yusoff had transferred their equity interest of 49% and 11% respectively in FML to SPM. As such, FML became the Group's 60% indirect-owned subsidiary (2020: 49% associate) via the Company's wholly-owned subsidiary, SPM.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

33. SIGNIFICANT EVENTS (cont'd)

(i) (cont'd)

Subsequently on 9 November 2021, Victoria incorporated 2 new wholly-owned subsidiaries under Labuan Companies Act 1990, namely Vic 1 and Vic 2 with issued share capital of USD100 (approximately RM415) comprising of 100 ordinary shares of USD 1 each.

(ii) On 1 July 2021, the Group undergone an internal restructuring exercise by transfer the Company's wholly-owned subsidiary, Eden to SMF, which is the Company's 67% owned subsidiary. This involves transfer of 100 ordinary shares of USD100 each in Eden to SMF for purchase consideration of USD100. The effect of the internal transfer resulted Eden to be a 67% indirect owned subsidiary of the Company.

(iii) On 25 October 2021, the Company announced the proposed acquisition of 270,000 ordinary shares in Sinar Maju Logistik Sdn. Bhd. ("SML"), representing 90% equity interest SML from Tan Sri Mohd Bakri Bin Mohd Zinin ("Vendor") for cash consideration of RM16,380,000. In addition, the Company was also granted call option by the Vendor to acquire all the remaining ordinary shares in SML to be held by the Vendor after the completion of the proposed acquisition, representing 10% equity interest in SML, for a purchase consideration of RM1,820,000 to be satisfied entirely via cash.

(iv) The Covid-19 pandemic continues to affect businesses in Malaysia and worldwide, affecting global supply chain and maritime logistics. With the emergence of the new Covid variant Omicron, the subsequent implementation of lockdowns have disrupted the Group's business in its bunkering sector and the port operation. However, the impact to the Group businesses was mitigated as these businesses are considered essential business and the Group pre-emptive strategies and established infrastructure have enabled the Group to manage all these challenges in its stride.

The business of SAT was severely disrupted and negatively impacted by the Covid-19 pandemic that continues to prevail throughout the current financial year. Supply chain and logistics for the cement industry and construction industry was tightly curtailed resulting in negative financial performance for SAT. However, there is business recovery in the logistics and construction sector towards the end of current financial year as demands picked up and with the post pandemic economy recovery and the country going into Covid endemic from April 2022 onwards, SAT is expected to perform better ahead.

34. SUBSEQUENT EVENTS

(i) On 3 February 2022, the Company has further cemented its entry into the 5G landscape with the appointment of telecommunications specialist Mr. Sunny Ho Khin Choy to lead its indirect subsidiary, SCS, into the 5G driven digital space and Internet of Things ("IoT") transformation of the regional oil and gas industry.

(ii) On 9 February 2022, 59,000 of Warrants were exercised at an exercise price of RM0.115 per Warrant.

(iii) On 18 February 2022, the Company announced that 91,340,000 new shares issued pursuant to the first tranche of the proposed private placement and the issue price was fixed at RM0.151 per placement share.

(iv) On 18 March 2022, 10,000,000 of Warrants were exercised at an exercise price of RM0.115 per Warrant.

(v) On 1 April 2022, the Company completed the acquisition of 270,000 ordinary shares of Sinar Maju Logistik Sdn Bhd ("SML"), representing 90% equity interest in SML for a purchase consideration of RM16,380,000 and the granting by the vendor to the Company of a call option to acquire all the remaining ordinary shares, representing 10% equity interest for a purchase consideration of RM1,820,000 to be satisfied entirely via cash.

(vi) On 7 April 2022, the Company is proposing to consolidate every 2 existing shares held by the shareholders of the Company, on an entitlement date to be determined and announced later into 1 consolidated share.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

34. SUBSEQUENT EVENTS (cont'd)

(vii) On 20 April 2022, STS had entered into a subscription agreement to subscribe Wire & Wireless Sdn Bhd. ("WWS") and WWS agrees to allot and issue 50% of the enlarged total issued and paid-up voting shares in the share capital comprising 350,000 new shares based on an enlarged share capital of 700,000 shares with an aggregate sum of RM1,102,500. Upon completion of this subscription, WWS is a 51% owned subsidiary of STS.

(viii) On 21 April 2022, SMF incorporated SMF Cero Ltd ("Cero") in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD 100 comprising 100 ordinary shares of USD1 each.

(ix) 22 April 2022, the Board of Directors approved and declared a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this declared dividend and will be accounted for as equity appropriation in the financial year ending 31 December 2022.

35. MATERIAL LITIGATION / ARBITRATION

Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and TMD ("the "Respondent").

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgement for USD937,353 with interest and cost of which TMD has disputed jurisdiction. Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

The High Court Judge dismissed the application for issues to be tried and TMD has since filed an Appeal against this decision. TMD has also since applied to stay the proceedings pending disposal of the Appeal and the application for stay of proceedings is fixed for case management on 26 January 2022.

The hearing for stay of Setting Aside Application pending the Appeal was held and stay was granted. The record of Appeal was duly filed on 18 March 2022 and Case Management for the Appeal is fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

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.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Issued and Fully Paid-up Share Capital	:	RM 139,844,968 divided into 882,188,895 units of Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	63	1.08	1,716	0.00
100 – 1,000	497	8.52	222,486	0.03
1,001 – 10,000	1,761	30.19	12,236,608	1.39
10,001 – 100,000	2,785	47.75	112,671,700	12.77
100,001 – 44,109,443 (*)	725	12.43	630,960,085	71.52
44,109,444 and above (**)	2	0.03	126,096,300	14.29
Total	5833	100.0	882,188,895	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

		Direct		Indirect	
No	Name of Substantial Shareholders	No of Shares	%	No of Shares	%
1.	Dato' Sri Ho Kam Choy	91,811,300	10.41	58,751,800	6.66
2.	Ang Tun Young	66,625,900	7.55	-	-
3	Sturgeon Asia Ltd	57,464,900	6.51	-	-
4.	Rithauddin Hussein Jamalatiff Bin Jamaluddin	53,497,000	6.06	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022
cont'd

LIST OF DIRECTORS' SHAREHOLDINGS

		Direct		Indirect	
No	**Name of Substantial Shareholders**	**No of Shares**	**%**	**No of Shares**	**%**
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	-	-	-	-
2.	Dato' Sri Ho Kam Choy*	91,811,300	10.41	58,751,800	6.66
3.	Capt Tony Tan Han (Chen Han)	36,790,438	4.17	-	-
4.	Ho Fook Meng	4,000,000	0.45	-	-
5.	Leong Fook Heng	-	-	-	-
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
7.	Puan Harison Binti Yusoff**	-	-	12,400	0.00

* 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 has indirect interest in the Company and deemed interest through his brothers' direct shareholdings in the Company.

** Indirect interest by virtue of her spouse's direct shareholdings in Straits Energy Resources Berhad.

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	68,631,400	7.78
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd (Third Party)	57,464,900	6.51
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalatiff Bin Jamaluddin	39,839,000	4.52
4.	Tony Tan Han (Chen Han)	36,790,438	4.17
5.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young	32,500,000	3.68
6.	Kher Wai Har	26,308,100	2.98
7.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Kam Choy (Mgnm81402)	23,179,900	2.63
8.	Ang Tun Young	23,125,900	2.62
9.	Chung Chin Hiong	14,828,700	1.68
10.	Yap Poh Onn	14,046,700	1.59
11.	Rithauddin Hussein Jamalatiff Bin Jamaluddin	13,658,000	1.55
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young (Third Party)	11,000,000	1.25
13.	Chia Bee Chin	9,813,100	1.11

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022
cont'd

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No	Name of Shareholders	No of Shares	%
14.	Dharminder Singh A/L Amar Singh	7,552,200	0.86
15.	Yeo An Thai	7,500,000	0.85
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For BJS Offshore Sdn Bhd	6,400,000	0.73
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek (E-Tai/Kkr))	5,700,000	0.65
18.	Yong Chean Peng	5,282,000	0.60
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Foong Kah Heng (001)	5,170,000	0.59
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Chiong Kui (851902)	5,000,000	0.57
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Chean Peng (7005057)	4,850,000	0.55
22.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	4,134,000	0.47
23.	Kueen Lai Properties Sdn Bhd	4,100,000	0.46
24.	Kok Yew Fatt	4,049,400	0.46
25.	Ho Fook Meng	4,000,000	0.45
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Yau Siong (7000901)	3,405,000	0.38
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Poh Tat	3,400,000	0.38
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Geok Seng (Dealer 023)	3,330,000	0.38
29.	Kenanga Nominees (Asing) Sdn Bhd Exempt An For Triton Capital Fund Vcc	3,300,000	0.37
30.	Thong Weng Kin	3,300,000	0.37

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2022

No. of Warrant Issued	:	183,952,000
No. of Warrant Exercised	:	40,743,500
No. of Warrant Unexercised	:	143,208,500
Maturity Date	:	10 August 2022
Voting Rights	:	The warrant holders do not have any voting rights in any general meeting of the Company until and unless such holders of warrants exercise their warrants into ordinary shares of the Company.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No of Warrant Holders	% of Warrant Holders	No of Warrants Unexercised	% of Unexercised Warrant
1 – 99	6	0.59	540	0.00
100 – 1,000	62	6.11	31,760	0.02
1,001 – 10,000	298	29.36	1,919,300	1.34
10,001 – 100,000	498	49.06	20,993,900	14.66
100,001 – 7,160,424 (*)	148	14.58	73,545,300	51.36
7,160,425 and above (**)	3	0.30	46,717,700	32.62
Total	1,015	100.00	143,208,500	100.00

* Less than 5% of issued warrants
** 5% and above of issued warrants

LIST OF SUBSTANTIAL WARRANT HOLDERS (5% AND ABOVE)

No	Name of Substantial Warrant Holders	No of Warrants	%
1.	Rithauddin Hussein Jamalatiff Bin Jamaluddin	22,626,100	15.80
2.	Ang Tun Young	14,981,200	10.46
3.	Yap Poh Onn	12,279,900	8.57

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2022
cont'd

LIST OF WARRANT HELD BY DIRECTORS

No	Name of Directors	Direct No of Warrants	Direct %	Indirect No of Warrants	Indirect %
1.	Y.A.M Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al-Muktafi Billah Shah	-	-	-	-
2.	Dato' Sri Ho Kam Choy	1,779,700	1.24	5,464,900*	3.82
3.	Capt Tony Tan Han (Chen Han)	-	-	-	-
4.	Ho Fook Meng	-	-	-	-
5.	Leong Fook Heng	-	-	-	-
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
7.	Puan Harison Binti Yusoff	-	-	-	-

* Indirect holdings through Sturgeon Asia Ltd

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No	Name of Warrant Holders	No of Warrants Held	%
1.	Rithauddin Hussein Jamalatiff Bin Jamaluddin	19,456,600	13.59
2.	Ang Tun Young	14,981,200	10.46
3.	Yap Poh Onn	12,279,900	8.57
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd (Third Party)	5,464,900	3.82
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Wymin (M09)	4,000,000	2.79
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalatiff Bin Jamaluddin	3,169,500	2.21
7.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek (E-TAI/KKR)	2,746,500	1.92
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Pek Shim (E-KPG/BKI)	2,200,000	1.54
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kim Yu (MY3995)	1,900,000	1.33
10.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ho Kam Choy	1,779,700	1.24
11.	Teo Ker-Wei	1,669,400	1.16
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Ker-Wei (7000881)	1,500,000	1.05

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2022
cont'd

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No	Name of Warrant Holders	No of Warrants Held	%
13.	Ong Yoke Meng	1,500,000	1.05
14.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	1,472,700	1.03
15.	Chen Harn Shean	1,249,000	0.87
16.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Yue Fatt (J Kenari-Cl)	1,190,900	0.83
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rajinder Singh A/L Kuldip Singh (E-KLC)	1,160,000	0.81
18.	Lim Kok Han	1,133,800	0.79
19.	Ranjit Singh A/L Harchand Singh	1,100,000	0.77
20.	Kher Wai Har	1,075,000	0.75
21.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liaw Ching Shen	1,046,000	0.73
22.	Voon Sze Lin	1,000,000	0.70
23.	Kenanga Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Client Account)	880,000	0.61
24.	Yong Siew Ngee	800,000	0.56
25.	Ee Soo Feng	779,900	0.54
26.	Yap Poh Soon	710,000	0.50
27.	Foo Meng Ju	700,000	0.49
28.	Teo Ker-Wei	700,000	0.49
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Yuen Wan (021)	690,600	0.48
30.	Muhammad Ashraf Bin Nasirudin	655,300	0.46

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth (25th) Annual General Meeting ("**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 Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at https://tiih.online on **Thursday, 23 June 2022 at 10.00 a.m** or at any adjournment thereof for the purpose of considering and if thought fit, passing the following business with or without modifications:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 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, offers themselves for re-election:-	
	2.1 Ho Fook Meng	**Ordinary Resolution 1**
	2.2 Harison Binti Yusoff	**Ordinary Resolution 2**
3.	To approve the payment of Directors' Fee up to an amount of RM486,000.00 for the period from 1 July 2022 until 30 June 2023.	**Ordinary Resolution 3**
4.	To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM216,000.00 for the period from 1 July 2022 until 30 June 2023.	**Ordinary Resolution 4**
5.	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ended 31 December 2022 and to authorize the Directors to fix their remuneration.	**Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

NOTICE OF ANNUAL GENERAL MEETING
cont'd

6. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 6**

"THAT subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other Governmental/Regulatory Authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, to be utilized until 31 December 2022 as empowered by Bursa Securities pursuant to the extension of the implementation period of the enhanced general mandate announced by Bursa Malaysia Berhad on 23 December 2021 and thereafter, ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Rule 6.04 of the ACE Market Listing Requirements of Bursa Securities to be utilized before the conclusion of the next AGM of the Company.

AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

AND 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."

7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs) of a Revenue or Trading Nature** **Ordinary Resolution 7**

"THAT, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the Bursa Securities ACE Market Listing Requirements ("**Listing Requirements**"), approval be and is hereby given to the Company and/or its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as described in the Circular to Shareholders dated 29 April 2022 provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders.

("**RRPTs Mandate**").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 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 a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the RRPTs be disclosed in the annual report of the Company.

AND THAT the Directors be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

8. **Proposed New Shareholders' Mandate for RRPTs of a Revenue or Trading Nature** **Ordinary Resolution 8**

THAT subject always to the Act, the Constitution of the Company and the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs of a revenue or trading nature as set out in the Circular to Shareholders dated 29 April 2022 provided that such transactions and/ or arrangement are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders.

("**New RRPTs Mandate**").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 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 a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the RRPTs be disclosed in the annual report of the Company.

AND THAT the Directors be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 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
Dated : 29 April 2022

Notes:-

1. Only depositors whose names appear in the **Record of Depositors as at 16 June 2022** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.

2. 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.

3. 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.

4. 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.

5. Any alterations in the Proxy Form must be initialed by the member.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.

7. Pursuant to Paragraph 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn. Bhd as the scrutineers to verify the poll results.

8. A Shareholder who has appointed a proxy or attorney or authorized representative to attend, participate and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

   Please follow the Procedures for RPV in the Administrative Guide to Shareholders.

9. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar office, at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur OR you have the option to lodge the proxy appointment electronically via TIIH Online at https://tiih.online or email to is.enquiry@my.tricorglobal.com **not less than 48 hours before the time holding the AGM** or at any adjournment thereof.

   Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

10. **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 25th 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:-

Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 340 (1) of the Companies Act, 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

Item 3 and 4 of the Agenda – Ordinary Resolution 3 & 4

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 25th AGM on the Directors' fees and benefit in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 1 July 2022 until 30 June 2023 will only be made if the proposed resolution 3 has been approved at the 25th AGM of the Company.

In determining the estimated total amount of Directors' Benefit, the Board had considered various factors which include amongst others, the number of scheduled and Special Board meetings, scheduled and Special Board Committee meetings as well as the number of Non-Executive Directors (NEDs) involved in these meetings.

The estimated sum of RM216,000.00 is for Directors' Benefits for the period from 1 July 2022 until 30 June 2023. The payment of the directors' benefit will be made on monthly basis and/or as and when incurred if the Proposed Resolution 4 has been passed at the 25th AGM. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred, given that they have duly discharged their duties and responsibilities and provided their services to the Company throughout the said period.

Item 5 of the Agenda – Ordinary Resolution 5

Re-appointment of Auditor

The Audit Committee had undertaken an annual assessment of the external auditors, Messrs. Moore Stephens Associates PLT including independence, scope of audit, audit fee, expert and experience, performance based on annual audit scope and planning. The Audit Committee was satisfied with the suitability of Messrs. Moore Stephens Associates PLT on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Item 6 of the Agenda – Ordinary Resolution 6

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022.

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Twenty Fourth (24th) AGM of the Company held on 24 June 2021, to empower the Directors to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued does not exceed twenty percent (20%) of the total number of issued shares of the Company at any point in time by 31 December 2021, and thereafter, the general mandate will be reinstated to 10% limit (hereinafter referred to as the "Previous Mandate").

The Company wishes to renew the said mandate at the 25th AGM of the Company. The Previous Mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom. As part of Bursa Malaysia Securities Berhad's ("Bursa Securities") continuous support and assistance to listed corporations in these trying and challenging times amid the COVID-19 pandemic, Bursa Securities had via its letter dated 23 December 2021 resolved to extend the implementation period of the increased 20% general mandate to allow a listed issuer to seek a higher general mandate under Paragraph 6.04 of the ACE Market Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for new issue of securities by way of private placement ("20% General Mandate") up to 31 December 2022 provided that a listed issuer which has obtained shareholders' approval for the 20% General Mandate at a general meeting in 2021 but has not utilized it to issue new securities on or before 31 December 2021; or a listed issuer which has not sought shareholders' approval for the 20% General Mandate at a general meeting in 2021.

The 20% General Mandate may be utilized to issue new securities until 31 December 2022, and thereafter, the ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.04 of the ACE Market Listing Requirements of Bursa Securities shall apply ("10% General Mandate"). The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming, if the need arises.

The Board, having considered the current and prospective financial position, and future financial needs of the Group, is of the opinion that the increase in general mandate limit for new issue of shares of up to 20% is in the best interest of the Company and its shareholders. These 20% General Mandate and 10% General Mandate would provide the Company with additional fundraising flexibility to undertake fundraising activities in an expeditious and efficient manner. The funds raised may be used for the purpose of funding investment(s), working capital and/or acquisitions(s).

Item 7 of the Agenda – Ordinary Resolution 7

Proposed Renewal of Shareholders' Mandate

The proposed Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Further information on the Proposed Renewal of the Recurrent RPTs Mandate is set out in the Circular to Shareholders dated 29 April 2022, which is available at the Company's corporate website at www.straits-energyresources.com.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Item 8 of the Agenda – Ordinary Resolution 8

Proposed New Shareholders' Mandate

The proposed resolution 8, if passed, will empower the Company and its subsidiaries ("Straits Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Straits Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favorable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Further information on the Proposed New Shareholders' Mandate is set out in the Circular to Shareholders dated 29 April 2022, which is available at the Company's corporate website at www.straits-energyresources.com.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.29 (2) of the ACE Market listing Requirement)

No individual is standing for election as Director at the forthcoming Twenty-Fifth Annual General Meeting of the Company.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Fifth Annual General Meeting (“25th AGM”)

STRAITS ENERGY RESOURCES BERHAD

(formerly known as Straits Inter Logistics Berhad)
Registration No.: 199601040053 (412406-T)
(Incorporated in Malaysia)

Date	:	**Thursday, 23 June 2022**
Time	:	**10.00 a.m.**
Online Meeting	:	**TIIH online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) in Malaysia**

MODE OF MEETING

In light of the COVID-19 outbreak and in support of the Government of Malaysia’s ongoing efforts to contain the spread of the COVID-19, the Company’s 25th AGM will be conducted fully virtual through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) facilities. Your safety and that of our community are our foremost priority. By leveraging on the RPV facilities, Members may participate in the 25th AGM by viewing a live webcast of the meeting, asking questions online, and submitting votes in real time, without physically attending the meeting.

ENTITLEMENT TO PARTICIPATE AND VOTE

Only members whose names appear on the Record of Depositors on **16 June 2022** shall be eligible to participate and vote at the 25th AGM or appoint a proxy(ies) to participate and vote on his/her behalf at this 25th AGM.

REMOTE PARTICIPATION AND VOTING (“RPV”)

Shareholders who wish to participate at the 25th AGM may do so using the RPV facilities to be provided by Tricor. To participate, shareholders are required to register via Tricor’s TIIH Online website at https://tiih.online prior to the meeting.

Please refer to the “Procedures for RPV” as set out in this Administrative Guide.

APPOINTMENT OF PROXY

1. If a shareholder is unable to participate at the 25th 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

Twenty-Fifth Annual General Meeting ("25th AGM")

cont'd

2. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this 25th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

   Please refer to the "Procedures for RPV" as set out in this Administrative Guide.

3. Shareholders who appoint proxies or attorney or authorized representative(s) to participate via RPV in the 25th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 21 June 2022 at 10.00 a.m.**

   3.1 In hard copy

   The Proxy Form shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   3.2 By electronic means

   The Proxy Form can be electronically lodged via Tricor's TIIH Online website at https://tiih.online OR email to is.enquiry@my.tricorglobal.com. Please refer to procedures for "Electronic Lodgement of Proxy Form" as set out in this Administrative Guide.

POLL VOTING

1. The voting at the 25th AGM will be conducted by poll in accordance with Paragraph 8.31(A) (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Bhd as the scrutineers to verify the poll results.

2. Shareholders and proxies can proceed to vote on the resolutions at any time from the commencement of the meeting at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the meeting.

   Please refer to "Procedures for RPV" for guidance on how to vote remotely via TIIH Online.

SUBMISSION OF QUESTIONS PRIOR TO AND DURING THE 25TH AGM

1. Shareholders of the Company may submit questions relating to the resolutions to be tabled for approval at the 25th AGM. The Company will endeavor to address questions that are substantial and relevant during the meeting. If there is time constraint, the responses from the Company will be emailed to the shareholder at the earliest possible, after the meeting.

2. Shareholders may submit their questions prior to the 25th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically **no later than Tuesday, 21 June 2022 at 10.00 a.m.**

3. Shareholders may also use the Query Box facility to transmit questions to the Board of Directors via the RPV facilities during live streaming of the 25th AGM. The Board will endeavor to answer the questions received at the 25th AGM.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS
Twenty-Fifth Annual General Meeting ("25th AGM")
cont'd

REQUEST FOR PRINTED COPY OF THE ANNUAL REPORT/CIRCULAR

As a shareholder of the Company, you may request for a printed copy of the Annual Report/Circular at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services" or alternatively, you may also make your request through telephone or e-mail to our Share Registrar at the number or e-mail address given below.

We will send it to you by ordinary post as soon as possible upon receipt of your request. However, please consider the environment before requesting for the printed copy of the said documents.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 25th AGM since the meeting will be conducted on virtual basis.

Straits would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 25th AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

	Procedure	Action
BEFORE THE 25TH AGM DAY		
(a)	Register as a user with TIIH Online	• 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 25th AGM remotely	• **Registration is open from Friday, 29 April 2022 until such time before the voting session ends at the 25th AGM on Thursday, 23 June 2022**. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 25th AGM to ascertain their eligibility to practice the 25th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) STRAITS 25TH AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS
Twenty-Fifth Annual General Meeting ("25th AGM")
cont'd

	Procedure	Action
BEFORE THE 25TH AGM DAY *(cont'd)*		
(b)	Submit your request to attend 25th AGM remotely *(cont'd)*	• 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 **16 June 2022**, the system will send you an e-mail after 21 June 2022 to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
ON THE DAY OF THE 25TH AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 25th AGM at any time from **9.00 a.m.** i.e. 1 hour before the commencement of the 25th AGM on **Thursday, 23 June 2022 at 10.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) STRAITS 25TH AGM**" to engage in the proceedings of the 25th 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 AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences **from 10.00 a.m. on Thursday, 23 June 2022** until a time when the Chairman announces the completion of the voting session of the 25th AGM. • Select the corporate event: "**(REMOTE VOTING) STRAITS 25TH 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	• Upon the announcement by the Chairman on the closure of the 25th AGM, the live streaming will end.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Fifth Annual General Meeting ("25th AGM")
cont'd

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. 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.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarized below:

	Procedure	Action
i)	**Steps for individual Shareholders**	
(a)	Register as a User with TIIH Online	• 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	• 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 **25th 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.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Fifth Annual General Meeting ("25th AGM")
cont'd

	Procedure	Action
ii)	**Steps for corporation or institutional shareholders**	
(a)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorized 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. *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.*
(b)	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: Straits 25th 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 25th 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.

REVOCATION OF PROXY

If you have submitted your Form of Proxy 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 25th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 25th AGM. In such an event, you should advise your proxy accordingly.

ADMINISTRATIVE GUIDE TO SHAREHOLDERS

Twenty-Fifth Annual General Meeting ("25th AGM")

cont'd

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

ENQUIRY

If you have any enquiries on the above, kindly contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn Bhd

General Line : 603-2783 9299
Fax Number : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

Contact persons:

- Ms. Lim Lay Kiow
  +603-2783 9232 ; email : Lay.Kiow.Lim@my.tricorglobal.com

- Puan Zakiah Wardi
  +603-2783 9287 ; email : Zakiah@my.tricorglobal.com

- Mr. Keith Lim
  +603-2783 9240 ; email : Keith.Lim@my.tricorglobal.com

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

STRAITS ENERGY RESOURCES BERHAD
(FORMERLY KNOWN AS STRAITS INTER LOGISTICS BERHAD)
Company No. 199601040053 (412406-T)

CDS Account No	
Number of Share held	

PROXY FORM

*I/We____
(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

*NRIC/Passport No. /Company No. ______________________________ of ______________________________

____
(FULL ADDRESS)

being a member of STRAITS ENERGY RESOURCES BERHAD hereby appoint :

FIRST PROXY

Full Name of Proxy in capital letters		**Proportion of Shareholdings**	
		No. of Shares	**%**
NRIC No/Passport No			

and

SECOND PROXY

Full Name of Proxy in capital letters		**Proportion of Shareholdings**	
		No. of Shares	**%**
NRIC No/Passport No			

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies on my/our behalf at the Twenty-Fifth Annual General Meeting ("**25th AGM**") of the Company which will be held on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at https://tiih.online on **Thursday, 23 June 2022 at 10.00 a.m**., or at any adjournment thereof, on the following resolutions referred to in the Notice of 25th AGM.

My/our proxy is to vote as indicated below:-

Resolution No	**RESOLUTIONS**	**FOR**	**AGAINST**
Ordinary Resolution 1	To re-elect Ho Fook Meng as Director of the Company		
Ordinary Resolution 2	To re-elect Harison Binti Yusoff as Director of the Company		
Ordinary Resolution 3	To approve the payment of Directors' Fee up to an amount of RM486,000.00 for the period from 1 July 2022 until 30 June 2023		
Ordinary Resolution 4	To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM216,000.00 for the period from 1 July 2022 until 30 June 2023		
Ordinary Resolution 5	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ended 31 December 2022 and to authorise the Directors to fix their remuneration		
Ordinary Resolution 6	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Proposed New 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 ______________________ 2022

____
Signature/common seal of shareholder

** Delete if not applicable*

FOLD THIS FLAP FOR SEALING

Notes:-

1. Only depositors whose names appear in the **Record of Depositors** as at **16 June 2022** shall be regarded as members and be entitled to attend, participate, speak and vote at the AGM.
2. 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.
3. 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.
4. 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.
5. Any alterations in the Proxy Form must be initialed by the member.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
7. Pursuant to Paragraph 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of AGM will be put to vote by poll. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn. Bhd as the scrutineers to verify the poll results.
8. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

   Please follow the Procedures for RPV in the Information Guide to Shareholders.
9. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar office, at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur OR you have the option to lodge the proxy appointment electronically via TIIH Online at https://tiih.online or email to is.enquiry@my.tricorglobal.com **not less than 48 hours before the time holding the AGM** or at any adjournment thereof.

   Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form.
10. **Personal Data Privacy:**

PLEASE FOLD HERE

Affix stamp

STRAITS ENERGY RESOURCES BERHAD
(FORMERLY KNOWN AS STRAITS INTER LOGISTICS 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

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 25th 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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