

A LOOK BACK AT 2022

Project - Delivery Corporate Community Health & Safety Award Certification Project - Award



Safe delivery of an offshore support vessel Seajacks Scylla



COVID-19 booster dose for more than 780 employees, subcontractors and vendors



Kasawari Gas Development Project achieved 11 million safe man-hours



Distinguished Club Award for MMHE Pasir Gudang Toastmasters Club



MHB inks an MoU with UTHM as part of our efforts to create positive impacts on the lives of communities



MHB Raya Celebration 2022



MHB corporate office adopts the open hybrid concept



Strategic partnership between MHB and Bureau Veritas Solutions M&O to support industry decarbonisation



Academic Excellence Award 2022

A LOOK BACK AT 2022



18 Mar
Donation to Malaysian Red Crescent Society for flood victims



22-25 Mar
MHB fortifies presence at Offshore Technology Conference (OTC) Asia 2022



21 Apr
MHB 33rd Annual General Meeting (AGM) 2022



22 May
Safe departure of LNGC Puteri Intan from MMHE West



5 May
Caring for the community – MHB's Ramadan Donation Drive



25 Apr
Dyna-Mac Partners with MMHE in Strategic Alliance
MHB via MMHE partners with Dyna-Mac in a strategic alliance



13 Sep
MHB brings home EIC Regional Award 2022's Culture Category



28 Sep
Jerun Project QHSE Appreciation Day of 3 million safe man-hours



6 Oct
MHB partners with local universities to develop top future ready talents

A LOOK BACK
AT 2022



11
Oct

MHB awarded the EPC contract for the solar powered offshore platform, Rosmari-Marjoram Project from Sarawak Shell Berhad



14
Oct

MMHE and GASB ink MoU to accelerate employment opportunities for local youth in energy sector



17
Oct

Sentuhan Kasih Kasawari Bersamamu, a CSR drive for the underprivileged community



9
Dec

MHB Long Service Award 2022



6
Dec

MHB, via MMHE, is now certified with the American Society of Mechanical Engineers (ASME) U, U2 and R Stamp



29
Nov

MHB Free Market for underprivileged families in Pasir Gudang



10
Dec

MHB launches its River Rehabilitation Programme with the adoption of Sungai Buluh, in collaboration with Pasir Gudang City Council and University of Technology Malaysia (UTM)



19
Dec

MHB strengthens ties with partners through Subcontractors and Vendors Engagement (SAVE) 2022



21
Dec

MHB receives "Gold Class 2" Award under the category of Petroleum, Gas, Petrochemical & Allied Sectors in the MSOSH Occupational Safety & Health (OSH) 40th Award 2022

A LOOK BACK
AT 2022



21 Oct

MMHE won third Place in conjunction with Johor Bahru District Level Maulidur Rasul 1444h / 2022M celebration



24-25 Oct

MHB speaks at Aramco Offshore Projects Second Conference



2 Nov

MD & CEO's Townhall 2022



29 Nov

MHB awarded the EPCIC Alliance for Kasawari Carbon Capture & Storage (CCS) Project from PETRONAS Carigali Sdn Bhd



28 Nov

MHB receives The Edge Malaysia ESG Awards 2022 - Silver Award in the Energy category



24 Nov

MHB plants 500 mangrove trees supporting global decarbonisation effort



22 Dec

MHB is certified by American Petroleum Institute for fabrication of structural steel pipe for the oil & gas industry



382.91

264.78

109.58

102.44

208.32

394

104.65

906.74



STRATEGIC REVIEW



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45.86

STRATEGIC OVERVIEW

In 2022, MHB was able to achieve profitable business turnaround as a result of our sharply focused strategy. As businesses and countries worldwide eased lockdowns and border restrictions following the COVID-19 pandemic moving into the endemic phase, the oil and gas (O&G) industry rallied and began to recover. Our core businesses, which support the O&G sector, benefited from both the surge in exploration and production (E&P) capex in the O&G sector and the increased activity in the marine sector.

At the same time, the global call for energy transition and decarbonisation presented us with opportunities arising from the net-zero agenda. We have successfully pivoted our business to capture opportunities in this space. This was evident through two major contracts we secured in 2022, the engineering, procurement, construction, installation and commissioning (EPCIC) alliance contract services for the Kasawari carbon capture & storage (CCS) project from PETRONAS Carigali Sdn Bhd (PCSB) – the world's largest offshore CCS project by volume of CO₂ captured and Malaysia's first CCS project – and the engineering, procurement and construction (EPC) services contract for the Rosmari-Marjoram - an unmanned platform that will be powered by renewable energy generated from solar panels.

In the Heavy Engineering segment, we prioritised our commitment to our customers to provide excellent project delivery in line with their needs and expectations by continuing to develop our capability as a fully fledged EPCIC contractor. This will open up further avenues of growth for MHB going into the future. As for the Marine segment, we focused on facilitating the entry of specialists into the yards, to ramp up on our delivery of maritime decarbonisation solutions and engine repair capability.

While we have ensured that MHB has returned to profitability, we will not rest on our laurels, and will continue to step up on our commitment to provide shareholders and investors with sustainable long-term financial rewards. As well as that, we are working towards increasing our service offerings to our customers as a one-stop solutions provider, by having more control over project execution.

MHB STRATEGY 2022 – 2026

The MHB Strategy 2022 – 2026 remains essentially the same as our previous year's strategy with some fine tuning to account for changes in our operating environment in the past year and going into the future. Based on our analysis of our market landscape, as well as our key risks and opportunities, we refined our strategy in 2022 in the following ways:

- Our key priority was to ensure that MHB would remain vigilant and resilient in anticipating the risks and challenges associated from various driving forces that shape our operating environment





- In the Heavy Engineering segment, we operationalised our strategy based on the following market analysis:
 - Cautious capex spending from international and national oil and gas companies (IOCs & NOCs) as a result of the continuing uncertainty associated with the pandemic in early 2022, but which had eased off by the end of the year. However, geopolitical uncertainties emanating from the Russia-Ukraine conflict continues to dominate the landscape
 - Expectations of project sanctioning and delays in Final Investment Decisions (FIDs) by customers across the board from both local & international markets
- In the Marine segment, our strategic plan took into account the following key factors:
 - Our plan on easing specialists' entry to Pasir Gudang, which was based on the prolonged quarantine period for specialists upon entering Malaysia and travelling back to their country of origin had affected the global mobility of specialists
 - Adapting our business to heightened competition in the marine repair market with the emergence of new LNG carrier (LNGC) repair shipyards in China, Japan, South Korea and Indonesia (Batam) casting a wider net of options for potential customers to choose from for drydocking and repair services
 - The steady outlook on the intake of LNGC repair and maintenance as LNG trade remains strong in Asia, as well as trading between China and Australia despite developing tensions between the two countries

Based on our analysis, the following formed our key focus for the year 2022, to drive MHB's profitable turnaround:

- Focused on capability development via:
 - Developing a core team in Engineering, Transport & Installation (T&I) and Hook-up & Commissioning (HUC)
 - Increasing in-house work scopes
 - Expanding service scopes in maritime decarbonisation in line with the International Maritime Organisation's (IMO) Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) requirements which came into force in 2023
- Accelerated the digitalisation of our work processes via the PANTHERA project
- Embraced the implementation of automation/future-proof technology to increase work efficiency and productivity
- Committed in overcoming project delivery challenge via operational and cost efficiency




STRATEGIC OVERVIEW

MHB Strategy 2022 – 2026

| Business Segment | Strategic Priorities 2022 | Key Result Area |
|---|---|--|
|  HEAVY ENGINEERING FABRICATION | Continue building internal capabilities to be competent and competitive | KRA 1: Strengthen Core Business KRA 3: Enhance Capability |
|  MARINE REPAIR & CONVERSION | Improve value proposition via internal capability development | KRA 1: Strengthen Core Business KRA 3: Enhance Capability |
|  MODULAR & SERIAL FABRICATION | Secure onshore module & offshore wind farm (OWF) projects and explore other opportunistic sectors | KRA 2: Develop New Business KRA 3: Enhance Capability |
|  PLANT MAINTENANCE & TURNAROUND | Explore opportunities in the non-oil and gas sector | KRA 1: Strengthen Core Business KRA 2: Develop New Business |

Links between our Key Focus Areas and our Material Matters

Our Key Focus Areas are closely interlinked with our Material Matters to ensure that our strategy effectively addresses the Company's Material Matters in its value creation journey.

| KRA 1: Strengthen Core Business | KRA 2: Develop New Business | KRA 3: Enhance Capability |
|---|---|--|
|  <p>Link to Material Matters</p> <ul style="list-style-type: none"> • Governance & Ethics • Health & Safety • Climate Change • Natural Resources & Consumption • Project & Financial Performance • Business Sustainability • Technology & Operational Innovation • Customer Satisfaction • Supply Chain • Human & Labour Rights • Skilled Workforce • Asset Integrity & Reliability |  <p>Link to Material Matters</p> <ul style="list-style-type: none"> • Natural Resources & Consumption • Project & Financial Performance • Business Sustainability • Risk Management • Technology & Operational Innovation • Customer Satisfaction |  <p>Link to Material Matters</p> <ul style="list-style-type: none"> • Health & Safety • Climate Change • Natural Resources & Consumption • Project & Financial Performance • Business Sustainability • Technology & Operational Innovation • Customer Satisfaction • Supply Chain • Human & Labour Rights • Employee Engagement • Diversity & Inclusion • Skilled Workforce • Asset Integrity & Reliability |

STRATEGIC OVERVIEW

OUR FORWARD MOVING STRATEGY

Moving into 2023, MHB's strategy focuses on building a more resilient, selective, and diversified business model to service the marine and offshore energy value chains. We have sharpened our focus towards achieving MHB Vision 2027 by adopting a two-pillar key results areas to capture short-to-medium term growth while creating long-term value propositions in line with energy transition and industry decarbonisation.



Fortifying Our Core

Focused on development and improvements of internal process, technical & capability



Pushing Boundaries for Growth

Diversification within our core business and realise opportunity in our target markets

MHB Vision 2027

Our MHB Vision 2027 is geared towards positioning MHB to deliver cost-competitive business solutions and services across all its four business segments, towards achieving greater efficiency, profitability, and excellence in project execution.



A Competitive EPCIC Contractor



Winning High-Value Marine Projects



Diversified Business Portfolio

Our 2023 Strategic Priorities



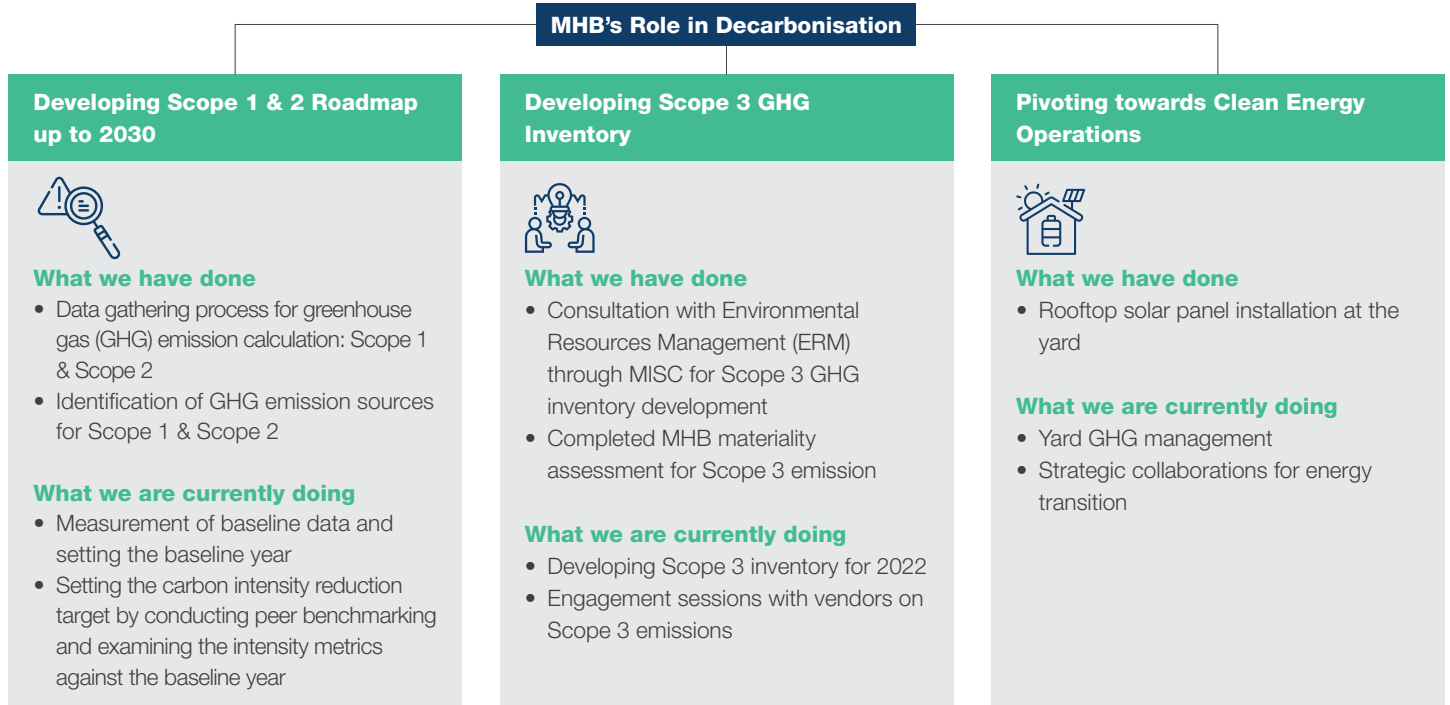
With regards to our business segments, we have redefined our core businesses as:

- Heavy Engineering:** Integrated detailed design engineering (DDE), transportation & installation (T&I) and hook-up & commissioning (HUC) to our existing EPC demonstrating our strengthened capability as a fully integrated end-to-end turnkey EPCIC service provider
- Marine:** Improved position in maritime business whilst paving way for creating track records in high value and selective marine markets

STRATEGIC OVERVIEW

CONTRIBUTING TO THE MISC 2050 STRATEGY

MHB has adopted our parent company MISC Group’s MISC 2050 strategy as our long-range business strategy that will enable MHB businesses to explore, innovate, and thrive in the net-zero economy of 2050.



Climate Considerations

In order to be a thriving and relevant business in the net-zero economy of 2050, MHB is cognisant that our business need to address climate considerations. In 2021, we had adopted the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Following on with this, in 2022 MHB has continued to advance on our TCFD journey and the outcomes of our TCFD analysis in 2021 have been used to develop MHB’s Climate Framework.

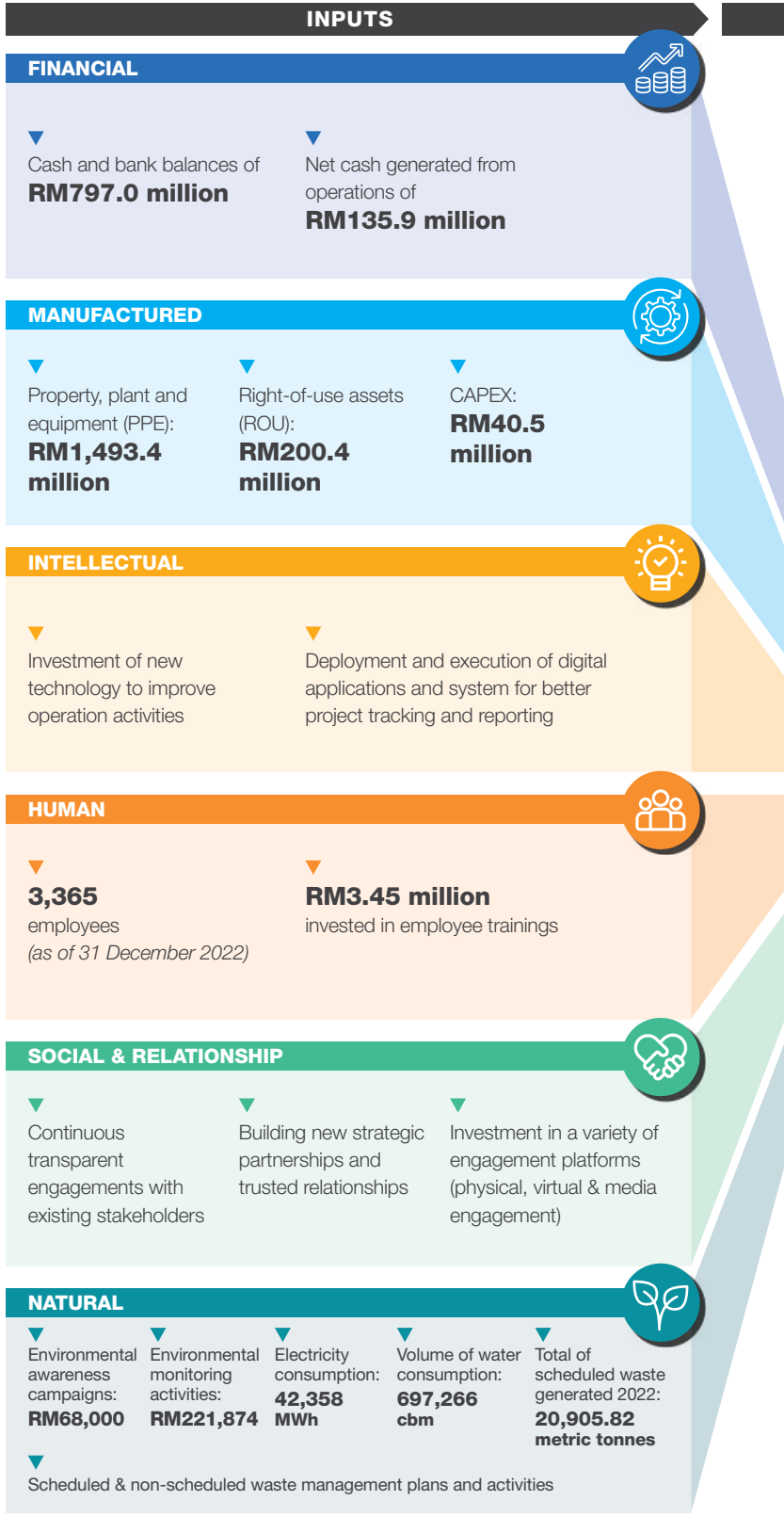
Please refer to Section: Sustainability Statement - Climate-Related Financial Risks and Opportunities, page 210

Five-year Strategy in Sustainable Energy Solutions

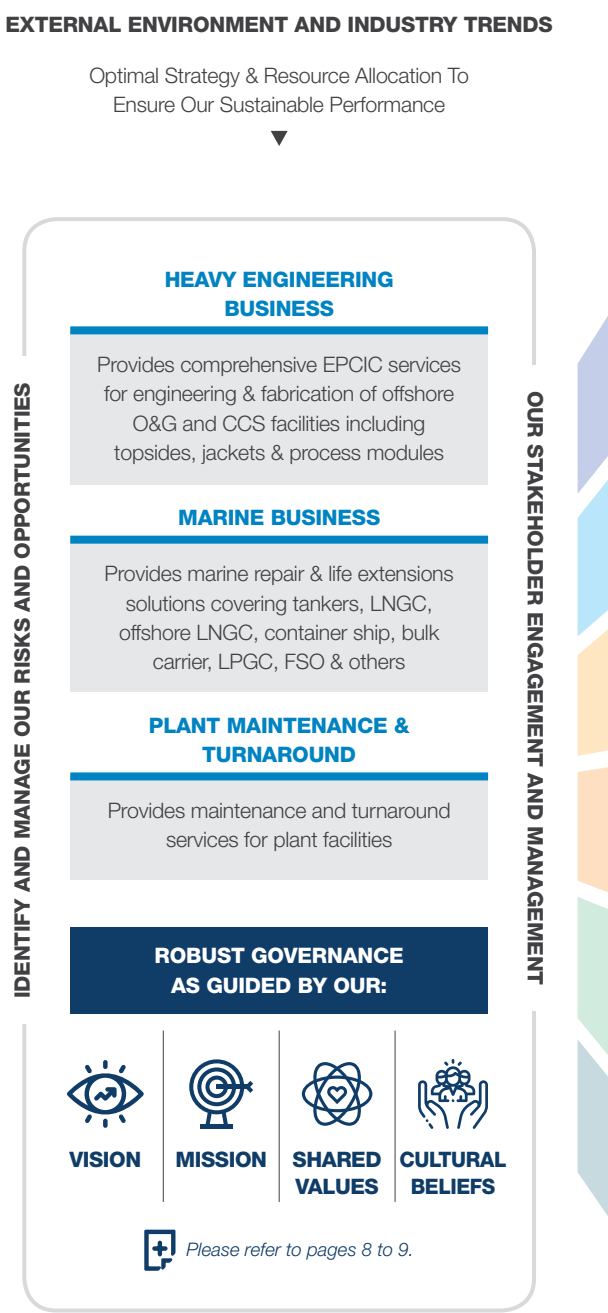
Based on our contributions to MISC 2050 strategy as well as the recent establishment of MHB Climate Framework, we have identified Energy Transition as our pathway of growth. MHB is rolling out our five-year strategy in sustainable energy solutions as follows:



HOW WE CREATE VALUE



BUSINESS ACTIVITIES & PROCESSES



HOW WE CREATE VALUE

| OUTPUTS | OUTCOMES |
|---|--|
| <p>Positive Outputs</p> <ul style="list-style-type: none"> Cash and bank balance increase by 12% to RM797.0 million (2021: RM709.9 million) <p>Negative Outputs</p> <ul style="list-style-type: none"> Increase in cash generated from operating activities to RM135.9 million (2021: negative RM10.5 million) | <p>FINANCIAL CAPITAL</p> <ul style="list-style-type: none"> Revenue of RM1,651.6 million (2021: RM1,467.3 million) PAT of RM67.6 million (2021: LAT of RM274.1 million) EBITDA of RM118.6 million (2021: LBITDA RM178.9 million) Credit ratings of AA-IS (2021: AA-IS) Market capitalisation increased by 51% to RM952 million as of 31 December 2022 (2021: RM632 million) |
| <p>Positive Outputs</p> <ul style="list-style-type: none"> Heavy Engineering segment completed 1 FEED project and secured 3 projects (2021: 2 offshore projects sail away and secured 1 project) Marine segment completed 87 vessel repair and maintenance jobs and secured 111 jobs (2021: 97 vessels and 111 jobs) | <p>MANUFACTURED CAPITAL</p> <ul style="list-style-type: none"> Increased fabrication efficiency Potential production cost saving and increase bid price competitiveness <p>INTELLECTUAL CAPITAL</p> <ul style="list-style-type: none"> Digital collaboration with University of Technology Malaysia (UTM) on Marine process improvement Utilised digitalisation and automation to improved accuracy, reliability, productivity as well as improve employee morale RM2.8 million investment in digital applications to enable more effective planing and execution of capital projects applied across the lifecycle of a project RM7.12 million investment in digitalisation in 2022 (2021: RM1.16 million) |
| <p>Positive Outputs</p> <ul style="list-style-type: none"> Deployed 4D model, daily work checklist (DWC) digital systems and advanced work packaging (AWP) philosophy Initiated supply chain digital solutions Marine segment increase productivity, produced higher-quality work, saved time and operated more efficiently Digitalisation of procurement function enhanced category management and strategic sourcing via PANTHERA | <p>HUMAN CAPITAL</p> <ul style="list-style-type: none"> Sustainable succession planning for Management Committee and Critical Positions with Successor Readiness Ratio of 2.8:1 (2021: 3.1) Total wages and salaries of RM283.8 million (2021:RM231.1 million) RM2.77 million spent on employee welfare (2021:RM1.41 million) Zero total recorded fatalities (TRF) (2021: 0) Lost time injury (LTI) frequency of 0.10 with 19.2 million cumulative man-hours (2021: LTI frequency of 0.22 with 13.9 million cumulative man-hours) Total recordable cumulative frequency (TRCF) of 0.16 (2021: 0.50) |
| <p>Positive Outputs</p> <ul style="list-style-type: none"> Total hours of employee training of 83,484 hours (2021: 92,668) Average hours of training per year per employee of 24.8 (2021: 35) Voluntary staff turnover rate of 9% (2021: 7.4%) Total of 32 employees certified with specialist certifications | <p>SOCIAL & RELATIONSHIP CAPITAL</p> <p>Customers Satisfaction Index:</p> <ul style="list-style-type: none"> Marine: 7.7/10 (2021: 8.4) Heavy Engineering: 6.6/10 (2021: 6.8) <p>Feedback by vendors & subcontractors during SAVE 2022 – 90% Good</p> |
| <p>Positive Outputs</p> <ul style="list-style-type: none"> Engagement conducted with Vendors & Subcontractors in 2022 (SAVE) - 40 MHB employees and 92 vendors/subcontractor for physical session; 87 vendors/subcontractors Supply Chain Management processes Health and safety briefings and programmes Established new Wellness Centre located at Centre of Excellence for employees and subcontractors Engaged with 813 members of the investment community (2021: 212) | <p>MoU & strategic Partnerships in 2022:</p> <ul style="list-style-type: none"> Signed MoU with KBR Saudi for detail engineering works for Saudi Aramco long-term agreement (LTA) Projects Signed MoU with technology maker – Silverstream Technologies on Maritime Decarbonisation EEXI/ CII Compliance for Air Lubrication System Retrofits Signed MoU with advisory service – Bureau Veritas Solutions on Maritime Decarbonization EEXI/ CII Compliance for hull improvements including bulbous bow retrofits Unincorporated Joint Venture (UJV) with Boiler Master – Malaysian Refining Company Sdn Bhd (MRCBSB) issued letter of award (LOA) for TA4MS Contract |
| <p>Positive Outputs</p> <ul style="list-style-type: none"> GHG emissions: 36,511 tonnes CO₂e (2021: 32,233 tonnes CO₂e) NOx emissions: 2.03 tonnes (2021: 4.49 tonnes) SOx emissions: 7.17 tonnes (2021: 1.27 tonnes) PM10 emissions: 0.95 tonnes (2021: 0.57 tonnes) | <p>NATURAL CAPITAL</p> <ul style="list-style-type: none"> Electricity consumption: Decreased to 42,358 MWh (2021: 42,687 MWh) GHG emissions: Increased to 36,511 tonnes CO₂e (2021: 32,233 tonnes CO₂e) Water consumption: Increased 697,266 cubic meter (2021: 568,698 cubic meter) Scheduled waste – Managed by other means: Increased to 20,729.90 MT (2021: 11,649.98 MT) Collection of domestic waste: Increased to 5,515.09 MT (2021: 3,475 MT) Banned the use of polystyrene in the yard and stopped the use of single-use plastics in the yard |

HOW WE CREATE VALUE

TRADE-OFFS

1 FINANCIAL CAPITAL

We use our financial resources throughout all our business segments to maintain the continuity of our business operations and activities. Our financial capital provided the base for us to enhance the value of all our other capitals. In 2022, a significant portion of our financial expenditure has been our employees' wages and salaries, maintenance of key assets such as our dry docks, workshops, machineries and equipment and upskilling our human capital. While this has reduced our financial capital in the short term, in the longer term, it enables us to maintain our financial stability and resilience, provide better customer services by enhancing the capability of our people, increase our operational efficiency and contributed to the delivery of project milestones. We practice prudent financial management which will strengthen our financial capital in the longer term.

2 MANUFACTURED CAPITAL

Our manufactured capital enables us to provide solutions and services to our customers. In 2022, we utilised our financial capital to augment our manufactured capital by adding blasting and painting workshop for OWF projects, and invested in new machines, transporters and crawler cranes. The expansion of our manufactured capital has enhanced our readiness for OWF projects, improved cost efficiencies from owning rather than renting equipment, as well as scaled up our project delivery schedules. The improvement of our manufactured capital will augment our financial capital in the short, medium and long-term future.

3 INTELLECTUAL CAPITAL

We increased our intellectual capital during the year by expending our financial capital and human capital towards the deployment of 4D Modelling and daily work checklist (DWC) digital systems. In the long run, this will improve cycle time in Marine operations for faster project delivery, thus improving our social and relationship capital as well as our financial capital. Financial investment in PANTHERA will ultimately drive our financial capital's improvement in the longer term as we utilise our intellectual capital to make data-driven financial and business decisions. In line with enhancements in our intellectual capital, we have also invested in upskilling our human capital to effectively use the new technologies we have incorporated to improve our overall productivity. In the medium to long-term, we expect to benefit from a more seamless project management process through our 4D Modelling technology. DWC systems will reduce production time and increase the accuracy of work done reports (WDR) and work completion report (WCR) in our marine operation.

4 HUMAN CAPITAL

We invested our financial and intellectual capital to add more personnel across the EPCIC and proposal/commercial segments. While this has reduced our financial capital, it has improved our human capital capability to overcome project challenges, thus contributing to our long-term financial sustainability. The reduction of dependencies on external contractors will reduce our social and relationship capital in the short term, but ultimately improve our human capital and financial capital for the medium to long-term. While our talent excellence initiatives reduce our financial capital, it leads to the betterment of our social and relationship capital through the improvement of employee retention rates and augmenting our human capital's skills.

5 SOCIAL & RELATIONSHIP CAPITAL

Our comprehensive stakeholder engagement platforms play a crucial role in the maintenance of our social and relationship capital. While this reduces our financial capital through expenditures associated with these engagements and uses the resources of our human capital through the transparent and proactive engagements our people conduct, in the longer term our efforts will lead to us maintaining a robust level of social and relationship capital. Our community investments require us to use both our financial and human capital. However, helping build sustainable communities gives us our social license to operate, thus improving our social and relationship capital. Our continuous engagements with our investor community, industry peers and associations, as well as the regulatory authorities leads to greater visibility in the local and international markets. This in turn drives the long-term growth of our financial capital as we gain from investor confidence and increased inquiries for bidding activities.

6 NATURAL CAPITAL

We utilise our financial capital to responsibly manage our consumption of natural capital. This is primarily done through programmes for the disposal of scheduled and non-scheduled waste and energy-saving initiatives such as initiatives to use solar energy, managing our GHG emissions and employing more eco-friendly products such as LED lighting fixtures. Our initiatives to manage our natural capital builds our reputation as a responsible environmental steward, thus shoring up our social and relationship capital. At the same time, the implementation of new technologies boosts our intellectual capital base. In 2022 we have secured projects in line with energy transition and industry decarbonisation – the Kasawari and Rosmari-Marjoram projects. These projects will both improve our manufactured capital as well as enhance our natural capital through lower GHG emissions. In the longer term, our responsible management of natural capital consumption will improve our financial capital, as more investors seek out investment opportunities in companies with a strong green reputation and we gain from the cost efficiencies of using new green technologies. Our efforts to reduce our carbon footprint and manage our natural resource consumption will also enable us to better manage our financial capital.

HOW WE CREATE VALUE

| MATERIAL MATTERS | STAKEHOLDERS | UNSDGS |
|---|---|---|
|  <p>FINANCIAL</p> <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Supply Chain | <ul style="list-style-type: none"> Investment Community |  |
|  <p>MANUFACTURED</p> <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Asset Integrity & Reliability Climate Change | <ul style="list-style-type: none"> Customers Business Partners Industry Peers |     |
|  <p>INTELLECTUAL</p> <ul style="list-style-type: none"> Business Sustainability Technology & Operational Innovation Skilled Workforce | <ul style="list-style-type: none"> Customers Employees |    |
|  <p>HUMAN</p> <ul style="list-style-type: none"> Business Sustainability Technology & Operational Innovation Asset Integrity & Reliability Health & Safety Employee Engagement Skilled Workforce Human & Labour Rights Diversity & Inclusion Governance & Ethics | <ul style="list-style-type: none"> Employees Customers |     |
|  <p>SOCIAL & RELATIONSHIP</p> <ul style="list-style-type: none"> Health & Safety Employee Engagement Skilled Workforce Supply Chain | <ul style="list-style-type: none"> Communities Customers Government/Regulatory |      |
|  <p>NATURAL</p> <ul style="list-style-type: none"> Climate Change Natural Resources & Consumption Human & Labour Rights Diversity & Inclusion Governance & Ethics | <ul style="list-style-type: none"> Communities Customers Government/Regulatory |       |

OUR STRATEGIC FOCUS

In 2022, our execution of the MHB Strategy 2022 – 2026 led to the following key achievements which resulted in MHB's successful profitable turnaround.

| Business Segments | Strategic Priorities | Key Initiatives in 2022 |
|--|---|--|
|  <p>HEAVY ENGINEERING FABRICATION</p> | <p>Continue building internal capabilities to be competent and competitive.</p> <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 3: Enhance Capability | <p>Increase order intake for international projects</p> <hr/> <p>Establish track record of managing full scope for EPCIC projects</p> |
|  <p>MARINE REPAIR & CONVERSION</p> | <p>Improve value proposition via internal capability development.</p> <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 3: Enhance Capability | <p>Increase number of vessel and asset utilisation</p> |
|  <p>MODULAR & SERIAL FABRICATION</p> | <p>Secure Onshore Module & Offshore Wind Farm (OWF) projects and explore other opportunistic sectors.</p> <ul style="list-style-type: none">  KRA 2: Develop New Business  KRA 3: Enhance Capability | <p>Offshore Wind Farm: Establish footprint in wind farm market</p> <hr/> <p>Onshore Module: Establish track record as a competitive modular contractor</p> <hr/> <p>Energy Transition: Establish footprint in Energy Transition as a fabrication contractor</p> <hr/> <p>Light Engineering: Develop “filler” projects to optimize asset & manpower utilisation</p> |
|  <p>PLANT MAINTENANCE & TURNAROUND</p> | <p>Explore opportunities in non-oil & gas sector.</p> <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 2: Develop New Business | <p>Establish reputation as Maintenance & Turnaround contractor</p> |

OUR STRATEGIC FOCUS

Key Achievements in 2022

- Improved and strengthened relationship with Saudi Aramco
- Established local presence in international locations (Kingdom of Saudi Arabia, Qatar & Taiwan)
- Considered and invited by QatarEnergy, QatarGas & North Oil Company (NOC) to qualify as EPCIC contractor for their upcoming major offshore field development (OFD) projects. Pre-Qualification is in progress
- Participated in 5 international bids
- Expanded and enhanced FEED Detailed Design Engineering/ Verification (FDDE/FEEV), T&I and HUC core team to support bidding, improved risk management and manage project execution in these three scopes
- Established exclusive T&I partnerships for key projects (EPCIC Alliance Kasawari Project, etc.) with notable T&I contractors
- Entered into focused discussions with notable T&I contractors for a long-term partnership strategy
- Achieved delivery of in-house construction services in Piping, PFP, Structural Prefab (Tubular) & Mechanical (GTG Exhaust Duct)
- Performed major cargo tank repairs of 2 LNGC projects, BWTS installation of 3 LNGC projects and undertook offshore maintenance work for 2 Floater LNGs (FSU Tenaga Empat at Malacca and PFLNG1 at Sabah)
- Recorded 4% increment in revenue for LNGC repair jobs:
 - FY2022 LNG repair revenue: RM100 million (FY2021 LNG repair revenue: RM96 million)
- Completed notable afloat repair jobs at-site (Malacca): Tenaga Empat cargo tanks inspection, global test, cargo tank repair and cryogenic valves overhaul
- Completed global test of 8 cargo tanks and 1 cargo tank inspection for PETRONAS LNG 1 at-site (offshore Sabah). This is the first global test performed in the world in gas condition
- Secured volume contracts from Seapeak & SK Shipping with total contract value of RM200 million
- Obtained 2 new en bloc agreements from local customers - Eaglestar Marine Holdings (L) Pte Ltd & Icon Shipmanagement
- Obtained 2 new en bloc agreements from international customers - Hyundai LNG Shipping Co. Ltd (Korea) & Zodiac Maritime
- Ongoing upgrading works to achieve dock-to-quay ratio of 1:2 to increase and optimise marine capacity
- Participated in 15 offshore wind farm international bids
- Pre-qualified for 13 international projects located in Japan, Taiwan, USA, Denmark, Germany & Norway
- Participated with Smulders for more than 50% of total offshore wind farm bids
- Pre-qualified for 12 international projects located in Australia, Norway, Canada, USA & Papua New Guinea
- Participated in 2 EPC bids via partnerships with technology providers or EPC contractors
- Leveraged partners' proprietary technologies and established marketing network (Kellogg Brown & Root Asia Pacific Pte Ltd (KBR) & Axens Southeast Asia Sdn Bhd) to penetrate energy transition through modularisation. 5 other energy transition projects have been identified for potential collaboration
- Participated in FEED Kasawari CCS Phase 2 and were awarded the EPCIC Alliance services for the Kasawari CCS project on 3 November 2022
- Signed MoU with technology maker – Silverstream Technologies on Maritime Decarbonisation EEXI/ CII Compliance – air lubrication system retrofits in March 2022
- Signed MoU with advisory service – Bureau Veritas Solutions on Maritime Decarbonisation EEXI/ CII Compliance – Hull improvements including bulbous bow retrofits in June 2022
- Engagement with a major customer for further collaboration in the CCUS segment – standardized injection platform and onshore modular CO₂ capture & liquefaction plant
- Engagement with engineering house, onshore EPC companies and technology provider in CCUS segment
- Early engagement with a major customer to explore opportunities in hydrogen and renewable energy (Wind)
- Certified with The American Society of Mechanical Engineers (ASME) for manufacturing U, U2 and R stamp coded Pressure Vessels
- Certified for the Fabrication of Structural Steel Pipe for the Oil and Gas Industry by the American Petroleum Institute (API); namely the certification of API Spec Q1, 9th Edition and Monogram API-2B
- MRCSB issued Letter of Appointment (LOA) for TA4MS to MMHE (Lead Contractor) & BoilerMaster Sdn Bhd
- Successfully delivered first oleochemical project for KL Kepong – TA FAL (2 plants)

OUR MATERIAL MATTERS

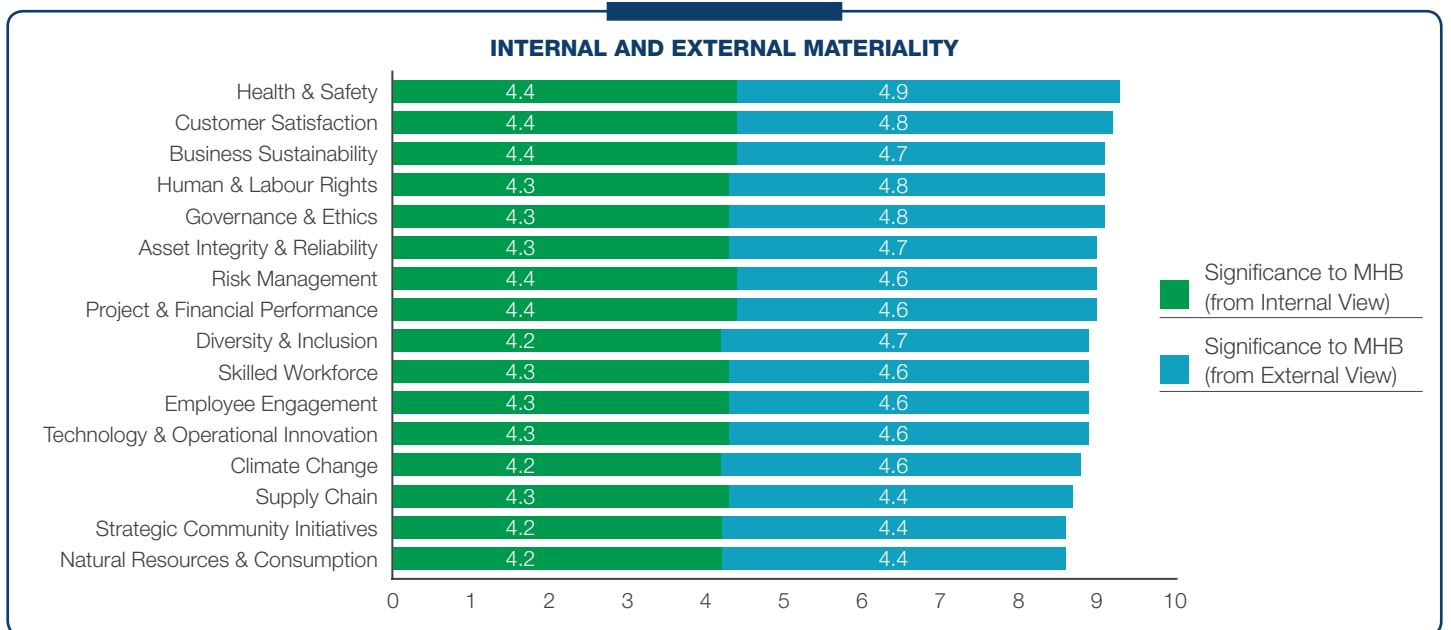
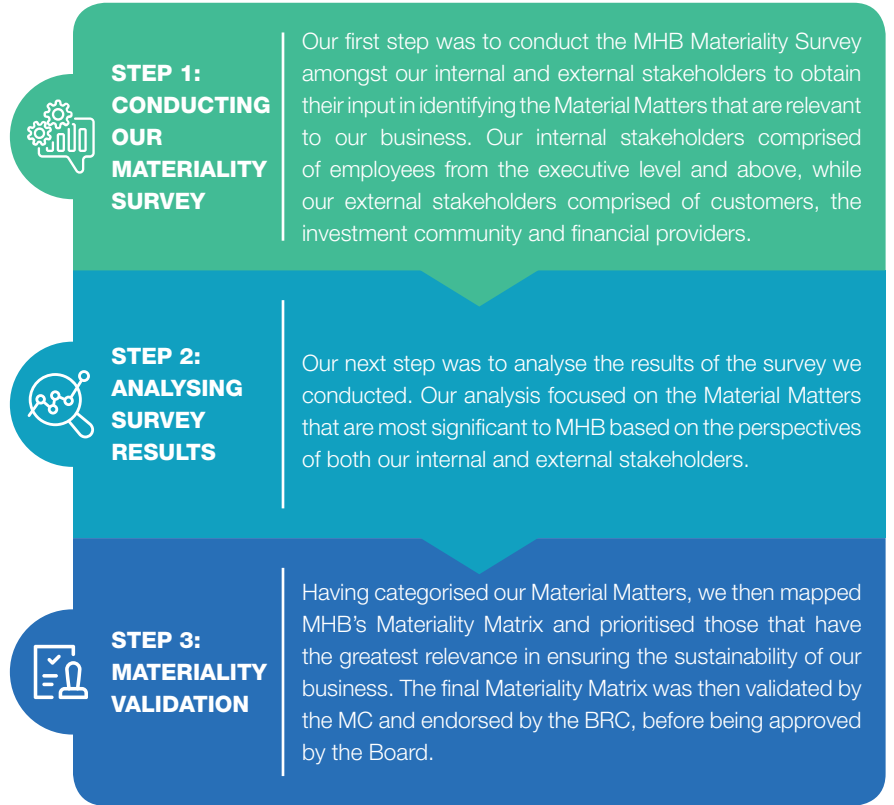
MHB has integrated our sustainability agenda into our business strategy and operations in our bid to address issues that concern our internal and external stakeholders. Our Material Matters are those factors that could have a current or future impact on our business' value drivers and competitive positioning, and could therefore impact our long-term shareholder and stakeholder value creation endeavours.

In 2022, based on the outcomes of the materiality assessment we had conducted the previous year, we further aligned our Material Matters between the matters that are most material to MHB and those which are most material to our external stakeholders.

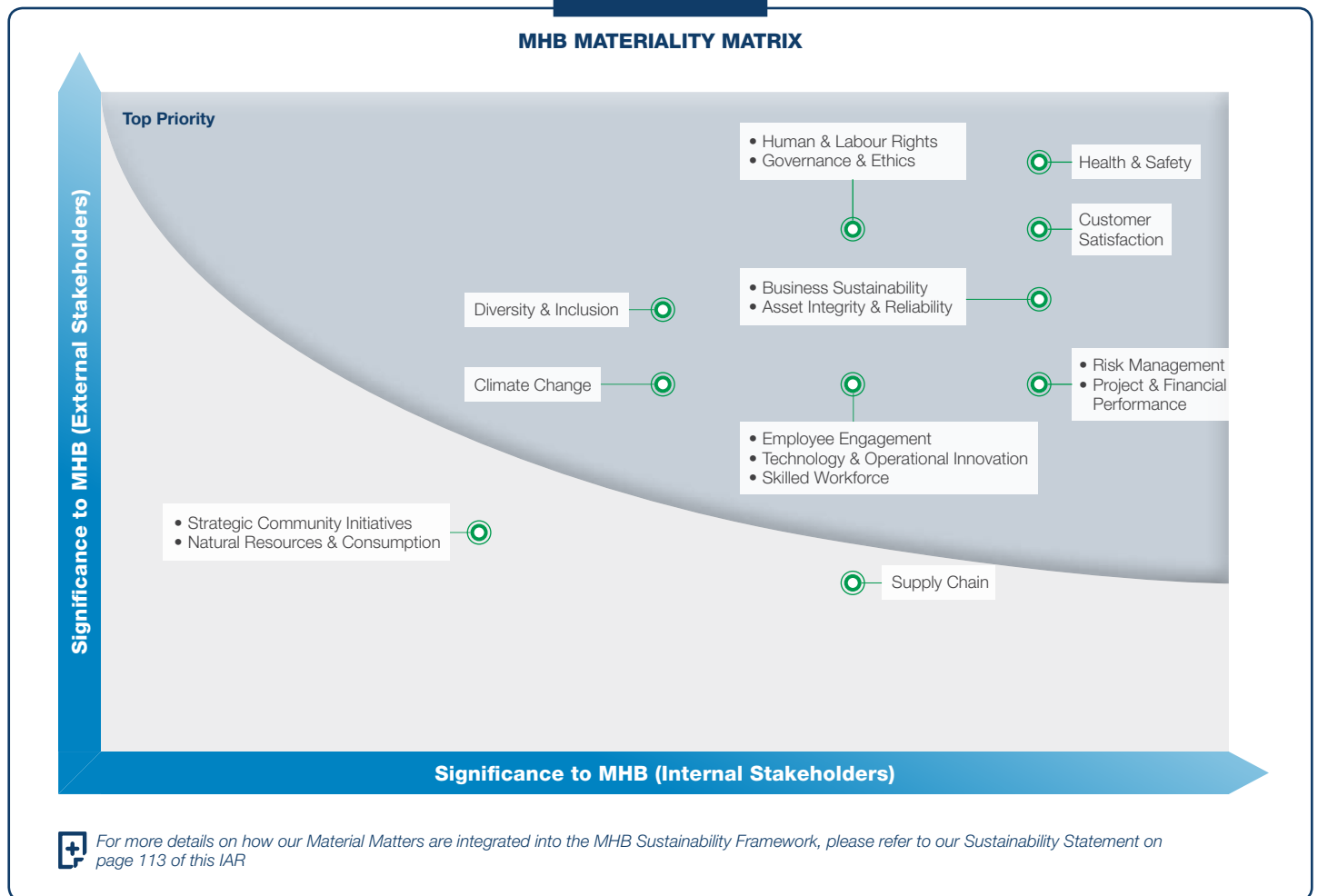
Applying the lens of value creation, our Board of Directors (Board), Board Risk Committee (BRC) and Management Committee (MC) have collectively taken into consideration our material matters in discharging their functions when making strategic and operational decisions to drive the Company's growth. Our in-depth understanding and prioritisation of our Material Matters is the basis upon which we identify areas to focus on for MHB's sustainability and business plans. In addition, we have incorporated our Material Matters into our risk management process whereby we manage our key risks by considering our materiality assessment exercise. This enables us to identify and prioritise the Material Matters that have the most significant impacts on MHB and our stakeholders.

OUR MATERIALITY PROCESS

MHB has in place a three-step materiality process which we use to determine and categorise our Material Matters:



OUR
MATERIAL MATTERS



















CREATING BUSINESS VALUE THROUGH THE LENS OF OUR MATERIAL MATTERS

We use the results of our materiality assessment to create value for our business in the following ways:

















- Our Material Matters influence our capital trade-offs in varying degrees. Refer to pages 50 to 51 of the How We Create Value section.
- Our operating landscape is influenced by a myriad of factors that impact on our Material Matters, and thus shape our outlook and opportunities. Refer to pages 62 to 69 of the Our Operating Environment section.
- Our Material Matters are affected by risks that our business face, and we take these into account in identifying our mitigation measures. Refer to pages 70 to 73 of Our Risks and Mitigation Strategies.
- The implementation and execution of our business strategy is closely interlinked with our Material Matters and play a crucial role in the success of the Company. Refer to pages 52 to 53 of the Our Strategic Focus section.
- Our contributions to the United Nations Sustainable Development Goals (UNSDGs) are impacted by our Material Matters, and we have mapped this accordingly. Refer to pages 56 to 58 of the Description of Our Material Matters in this section.

OUR MATERIAL MATTERS
















DESCRIPTION OF OUR MATERIAL MATTERS

| Material Matter | Description | Sustainability Strategic Priorities | Related UNSDGs |
|---|---|---|--|
|  Health and Safety | Setting and maintaining necessary standards of health and safety management to ensure the well-being of our employees and others who may be affected by our business activities. It is also a measure of the extent to which our workforce is actively involved in health and safety in the facilitation of a positive health and safety culture. | <ul style="list-style-type: none"> Health and Safety |  |
|  Customer Satisfaction | Customer satisfaction includes customer experience and satisfaction with the services delivered by MHB. Value is created through the enhancement of our brand, increasing customer retention and thus increasing the confidence of our business partners and attracting new associations. | <ul style="list-style-type: none"> Stakeholder Engagement |  |
|  Business Sustainability | Drives our efforts in seizing new business opportunities, embarking in new businesses (i.e. low carbon products/services which include renewable energy and nature-based solutions) and being forward-looking in generating a more sustainable income for the organisation. Additionally, it also creates the ability to be on par with our stakeholders (i.e customers) who have embarked on new businesses to ensure their business relevance and sustainability. | <ul style="list-style-type: none"> Climate-Related Risks and Opportunities Management |   |
|  Human & Labour Rights | Commitment to act ethically and with integrity in all our business dealings and relationships and implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere within MHB's own business or in any part of MHB's supply chain. | <ul style="list-style-type: none"> Value, Assurance & Ethics Responsible Supply Chain |    |
|  Governance & Ethics | Conducting business responsibly by taking into consideration ESG factors in our decision-making process, dedicating proportionate resources to health, safety and the environment, encouraging the communication of intangible value drivers such as strategy, stakeholder relationships, innovation capacity and employee development. This also includes having a clear governance structure, which provides transparency on who oversees the respective committees and the responsibilities of each committee. | <ul style="list-style-type: none"> Value, Assurance & Ethics |    |
|  Asset Integrity & Reliability | Proactively mitigate risks possessed by assets owned and deployed to continuously improve our operations' integrity. | <ul style="list-style-type: none"> Financial Governance Digitalisation & Technology |   |

OUR MATERIAL MATTERS

| Material Matter | Description | Sustainability Strategic Priorities | Related UNSDGs |
|---|---|---|---|
|  <p>Risk Management</p> | <p>Risk identification and management is critical to our ability to create value over time to achieve MHB’s goals at the lowest cost, in the most effective manner and develop and maintain the trust and confidence of our stakeholders. Risk assessment and management as a Material Matter includes managing financial risks (economic impact), strategic risks, innovation risks, governance risks, operational risks and regulatory risks.</p> | <ul style="list-style-type: none"> • Financial Governance • Climate-Related Risks and Opportunities Management • Digitalisation & Technology |     |
|  <p>Project & Financial Performance</p> | <p>Prioritise monitoring and improving project and financial performance. It refers to MHB’s revenue growth, volume, cost and productivity in terms of net profit generated. It also includes other financial measures which provide values through the performance of MHB as an organisation such as total shareholder value, taxes and dividends.</p> | <ul style="list-style-type: none"> • Financial Governance |  |
|  <p>Diversity & Inclusion</p> | <p>MHB’s efforts to promote the social and economic inclusion of all employees, regardless of gender, sexuality, race, age, disability, ethnicity, religion, economic, or any other background/status.</p> | <ul style="list-style-type: none"> • Talent Excellence |    |
|  <p>Skilled Workforce</p> | <p>Attracting and retaining a skilled workforce entails efforts for employees to gain knowledge and skills, which is critical in increasing efficiency and effectiveness, as well as ensuring workplace productivity.</p> | <ul style="list-style-type: none"> • Talent Excellence |  |
|  <p>Employee Engagement</p> | <p>A measure of employee engagement that leads to value creation through higher service, better customer satisfaction, increased sales and profitability and improved shareholder returns.</p> | <ul style="list-style-type: none"> • Stakeholder Engagement |  |
|  <p>Technology & Operational Innovation</p> | <p>MHB focuses on investments that will enable us to keep up with rapid changes in the technology and capital market environment towards improve working tools, techniques and applying new technologies in developing an innovation-led organisation.</p> | <ul style="list-style-type: none"> • Digitalisation & Technology |  |

OUR MATERIAL MATTERS

| Material Matter | Description | Sustainability Strategic Priorities | Related UNSDGs |
|---|---|--|---|
|  <p>Climate Change</p> | <p>Proactively manage our environmental footprint by identifying processes, standards and capabilities in place to reduce greenhouse gas (GHG) emissions, fuel emissions and energy consumption which includes investment in renewable energy and the ability to take advantage of opportunities and effectively mitigate against the risks and consequences of climate change.</p> | <ul style="list-style-type: none"> • Towards Decarbonisation • Circular Economy • Biodiversity Conservation |       |
|  <p>Supply Chain</p> | <p>Working with subcontractors and vendors that behave in an economically, ethically as well as environmentally and socially responsible manner which will result in improvements in operational efficiencies and reductions in cost.</p> | <ul style="list-style-type: none"> • Responsible Supply Chain |   |
|  <p>Strategic Community Initiatives</p> | <p>Comprehensive community initiatives to improve the quality of life of the communities within which we operate.</p> | <ul style="list-style-type: none"> • Community Investment |  |
|  <p>Natural Resources & Consumption</p> | <p>Managing natural resource use which includes water and waste management as a Material Matter to enable efficient utilisation of resources and making the most out of resources used whilst reducing waste. This includes moving towards more efficient resource flows and increasing energy and water-use efficiency.</p> | <ul style="list-style-type: none"> • Circular Economy |   |

OUR STAKEHOLDERS

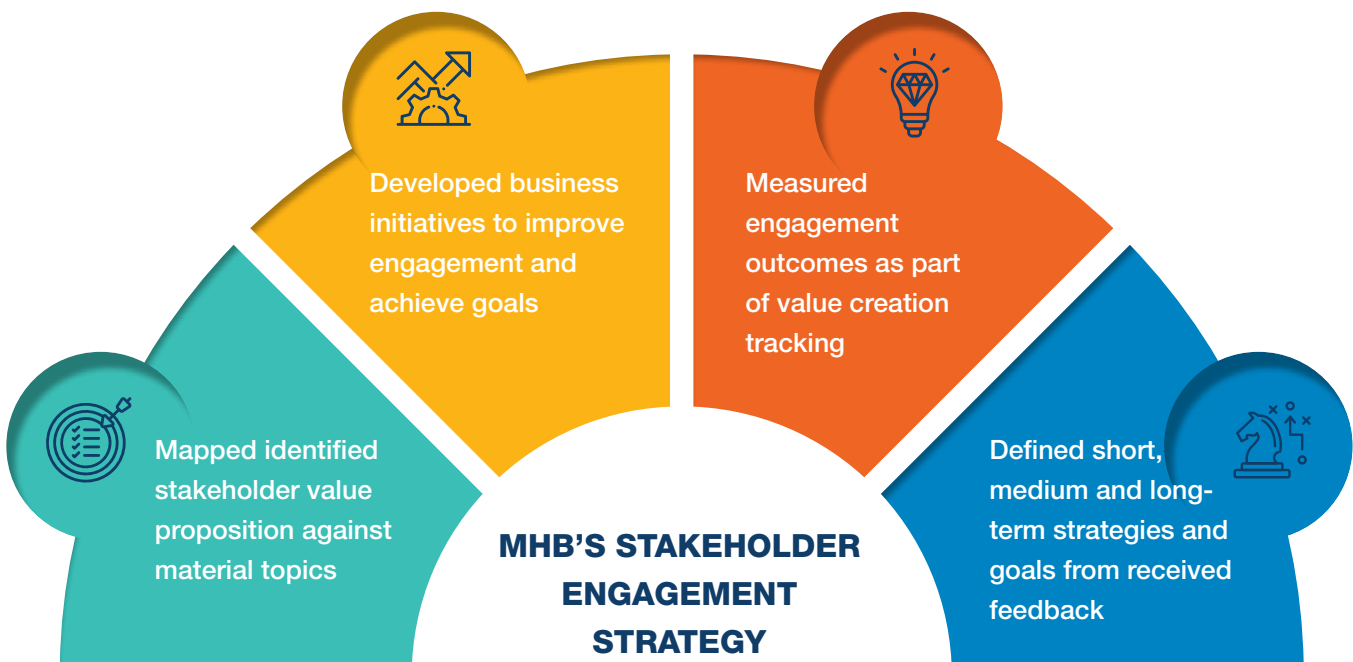
OUR STAKEHOLDERS

MHB believes that developing and maintaining strong relationships of trust with our stakeholders is critical to the long-term success of the Company. Through our stakeholder engagements, we are better able to understand their needs and expectations, which we take into account to inform our decision-making and improve the alignment of our business initiatives and actions with stakeholder interests. It also helps us identify potential risks and opportunities and develop effective strategies to address them. As well as that, our stakeholder engagements enable us to foster trust and transparency between the Company and our stakeholder universe, which aids in us building our business resilience.

The following section details our stakeholder engagement strategy, and the principles we adhere to in our stakeholder engagements. It also clarifies how we define and prioritise our stakeholders, and the processes we use to draw up our Stakeholder Map. Throughout 2022, MHB has taken a responsive and proactive approach in communicating all material information related to our business that is relevant to our stakeholders in a timely and transparent manner.

STAKEHOLDER ENGAGEMENT STRATEGY

MHB's Stakeholder Engagement Strategy provides us with a structured approach to identifying, understanding and engaging with our diverse stakeholder groups. It enables us to prioritise the engagement of key stakeholders, based on their level of impact on the business. Our Stakeholder Engagement Strategy guides us in developing effective communication and engagement channels, that are tailored to the specific needs and preferences of our different stakeholder groups. Ultimately, throughout various engagement platforms, we are able to create a feedback loop to ensure that we both hear and act upon our stakeholders' concerns and ideas and align their feedback with our company's goals and objectives, which in turn fosters greater relationships of trust and transparency. MHB's Stakeholder Engagement Strategy is based on our parent company, MISC Berhad.



OUR STAKEHOLDERS

STAKEHOLDER ENGAGEMENT PRINCIPLES

In order to build long-lasting relationships with our stakeholder ecosystem, MHB is guided by our Stakeholder Engagement Principles, as depicted below.



HOW WE DEFINE OUR STAKEHOLDERS

We identify our stakeholders by taking into account their particular characteristics and the scope of their involvement with our Company. Stakeholders we consider relevant are those who are either directly or indirectly affected or are impacted by our operations and activities.

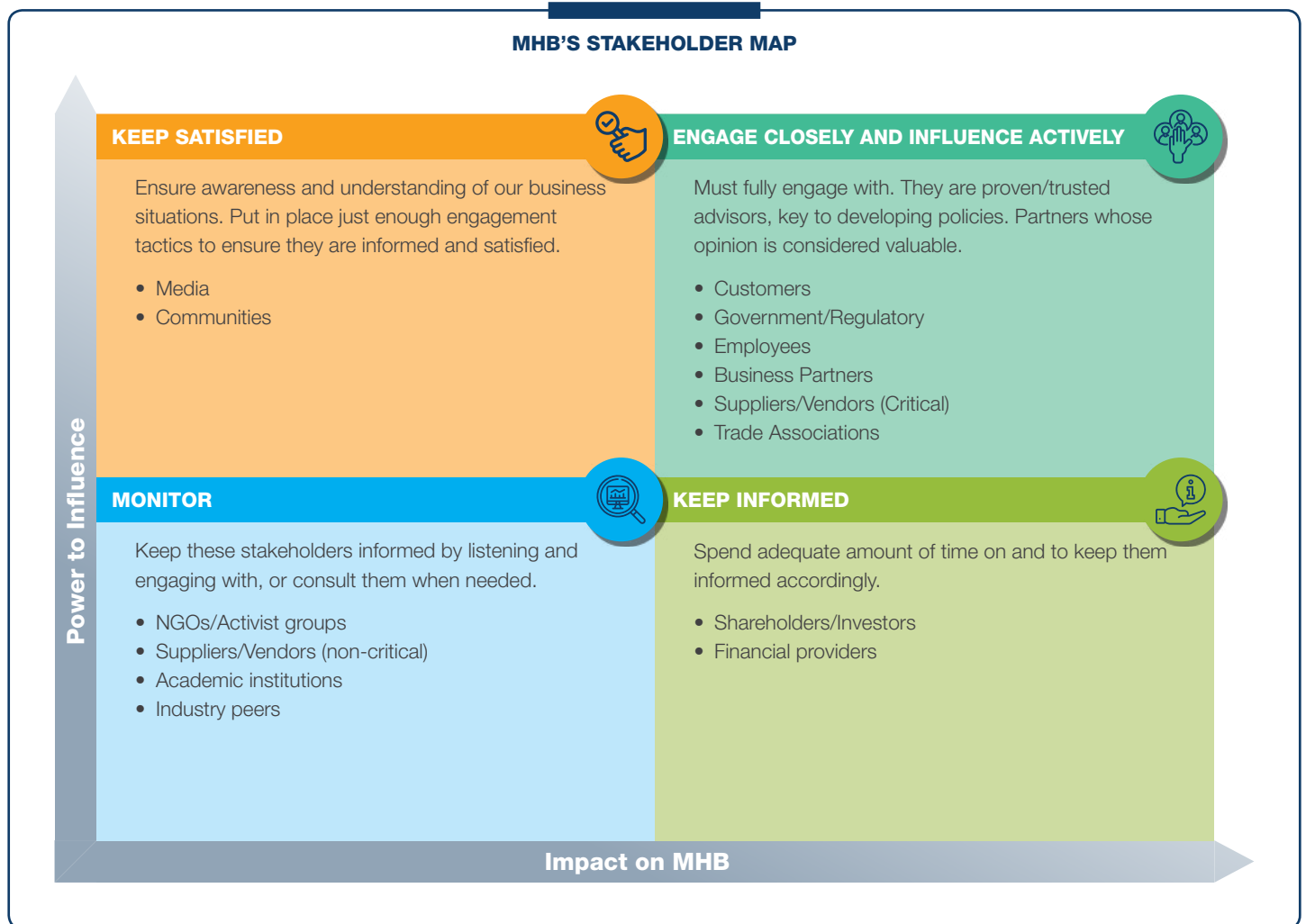
We use the following two-step process to define our stakeholders:



OUR STAKEHOLDERS

HOW WE PRIORITISE OUR STAKEHOLDERS

We prioritise our stakeholders by using the information obtained from our analysis of the impact and influence that each stakeholder group has on our business. This is then translated into plotting MHB’s Stakeholder Map, which guides us in our Stakeholder Engagements conducted throughout the year. Our Stakeholder Engagement platforms are designed to cater to the level of engagement we have identified as necessary to create value for both our business and the particular stakeholder group.



OUR STAKEHOLDER ENGAGEMENTS

MHB uses on a variety of engagement methods and platforms depending on the nature of our relationship with the specific stakeholder group. Our aim is to achieve the best outcomes while considering our stakeholders’ needs and expectations. We may use more than one method or platforms, or may use several simultaneously, in line with driving long-lasting and strong relationships with our stakeholders.

Refer to Stakeholder Engagement Pillar section on pages 196 to 206 of the Sustainability Statement for details of our key engagements.

OUR OPERATING ENVIRONMENT

MHB's business strategy and activities are informed by our in-depth understanding of our operating environment. We believe a thorough analysis of the market landscape allows the Company to identify opportunities and threats, make informed decisions on steps to take towards developing green solutions for the oil and gas (O&G) and shipping sectors, and appreciate the competitive dynamics of the industry. It also allows us to identify the strategic partners we need to build relationships with to add value to our market offerings, as well as ways in which we can improve project outcomes for our customers.

As the world transitioned from the pandemic to the endemic phase of COVID-19 in FY2022, this resulted in the easing of some of the operating pressures that MHB had been under over the past three years. However, various other trends, especially those related to the global decarbonisation and energy transition agendas, continued to underpin the dynamic currents that shaped our market landscape. MHB's efforts to strategically realign our business to meet the demands of climate change mitigation, energy transition and maritime decarbonisation has enabled us to react in an agile and nimble manner to market forces in FY2022.

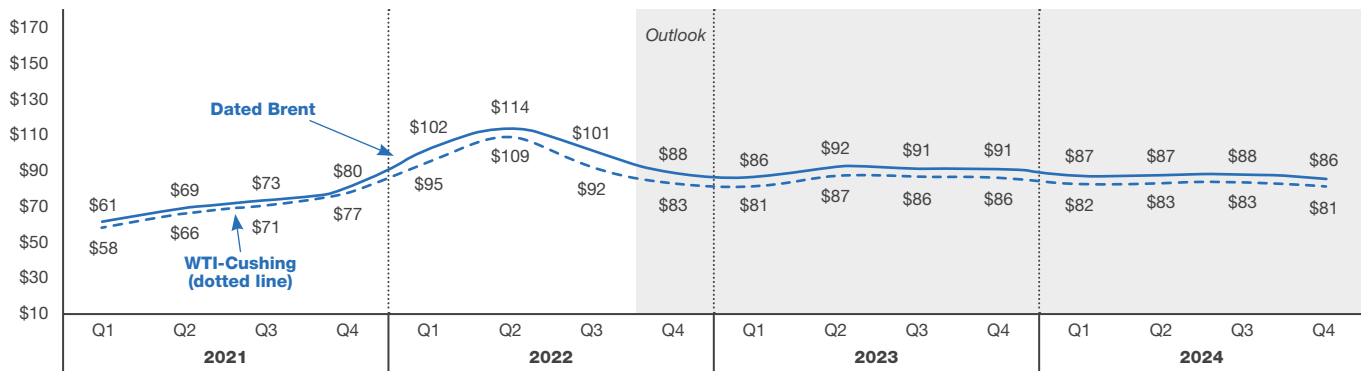
OIL MARKETS RECOVERY

Link to Material Matters:

- Project & Financial Performance
- Business Sustainability
- Natural Resources & Consumption

Market Trend Description : Trends in Oil Prices

Brent and WTI-Crude Oil Price Outlook to 2024 (Average Price USD per barrel)



Source: IHS Markit

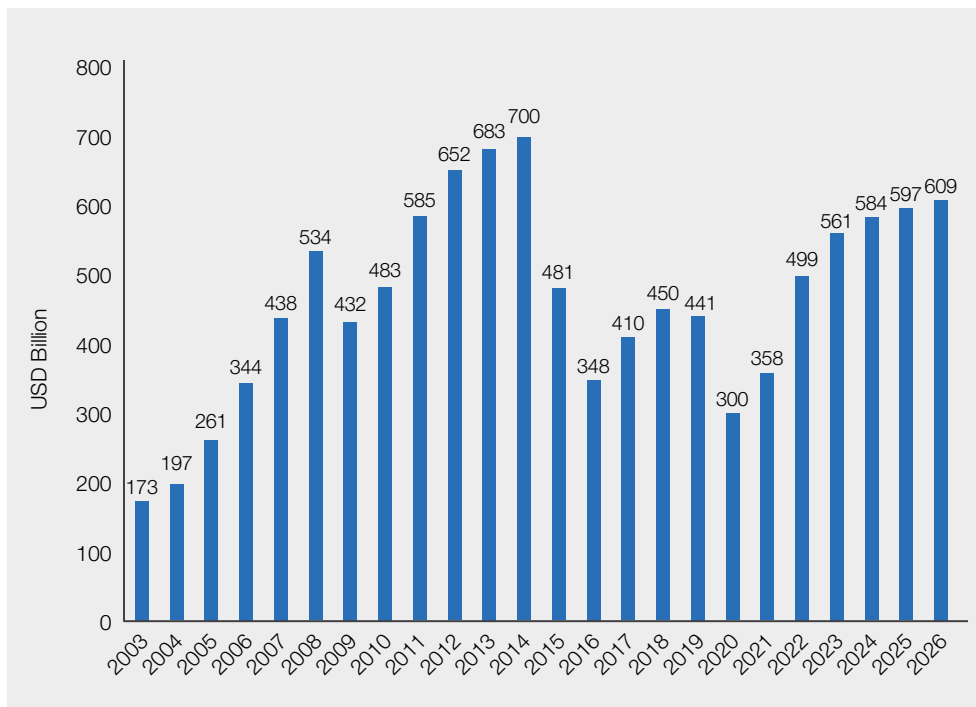
- Crude oil prices were on an increasing trend in 2022 with the highest price recorded at above USD100 per barrel due to the start of Russia-Ukraine crisis in early February 2022
- Prices started easing from the second half 2022 and stabilised to the point where they are expected to average USD\$86-USD92 per barrel in the coming years
- This is due to weak oil demand from China driven by its zero-COVID policy as well as the weakening of global macroeconomic outlooks in world demand growth for 2023
- China's zero-COVID policy will become the biggest factor determining world oil demand growth in 2023 and 2024. The reversal of China's zero-COVID policy and elimination of restrictions on mobility will increase the prospects of growth in oil demand following the end of the winter 2022 season

OUR OPERATING ENVIRONMENT

OIL MARKETS RECOVERY (CONT'D)

Market Trend Description : Trends in Exploration & Production (E&P) Capex Spend

Global Annual Capex Spend



Source: IHS Markit

- For the period 2016-2020, oil and gas (O&G) E&P annual capex spend peaked in 2018 before declining drastically in 2019-2020 due to the COVID-19 pandemic
- The O&G industry has since recovered due to the easing of pandemic containment measures that had been implemented in 2021. Capex spend is expected to increase again by a CAGR 12.5% from 2020-2026
- E&P capex spend is forecasted to breach USD500 billion starting 2023. However, it is not expected that the trend will replicate the 'boom' years of 2012-2014 due to the Energy Transition trend

Implications to MHB

- MHB shall continue its current strategic focus on domestic markets as well as participating in international bids
- Stabilisation of oil prices, along with the increase in E&P capex expected in the next three- to four-year period will drive MHB's growth with the Company's addressable O&G market for fixed platforms, floaters and onshore facilities (modular and plant maintenance)

How We Responded in 2022

- We have assumed a full recovery of the O&G market from the impacts of the global pandemic and have continued participating in bids to secure international and domestic opportunities

Outlook & Opportunities

- The rising price trend in 2022 has sparked a return to an Energy Security scenario as opposed to the Energy Transition scenario during the early stages of the pandemic in 2020
- In parallel, with the rise of Energy Transition, it is expected that a portion of capex will be spent towards Energy Transition instead of fossil fuels' Energy Security
- With this outlook, MHB will put equal focus on traditional O&G opportunities as well as Energy Transition opportunities

OUR OPERATING ENVIRONMENT

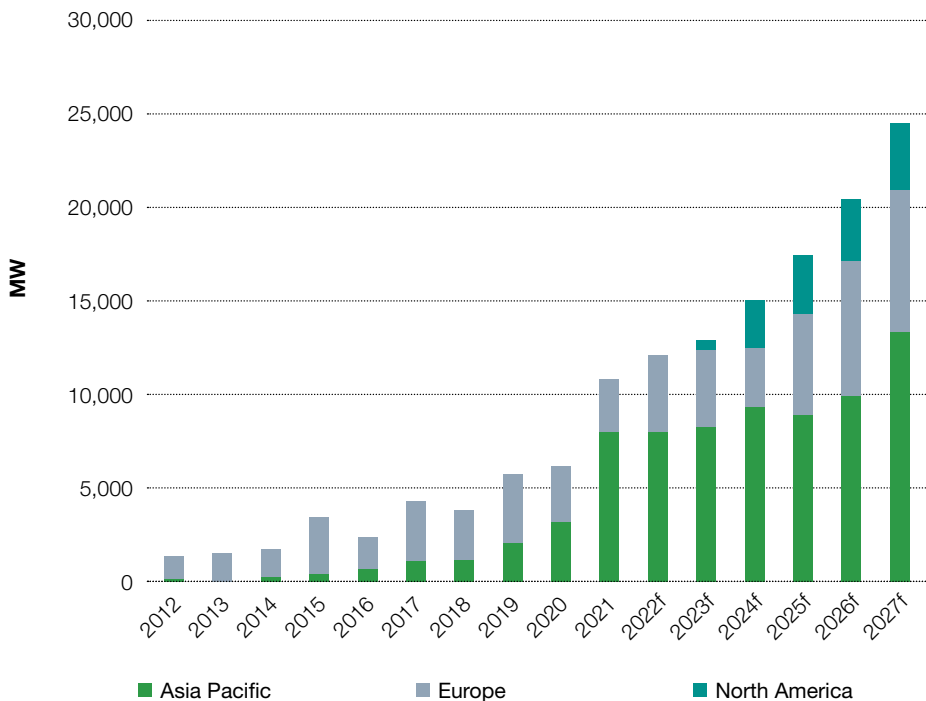
ENERGY TRANSITION OPPORTUNITIES

Link to Material Matters:

- Project & Financial Performance
- Business Sustainability
- Technological & Operational Innovation
- Climate Change
- Skilled Workforce

Market Trend Description : Global Offshore Wind

Global Offshore Wind Capacity Additions by Market



Source: IHS Markit

- There has been increasing demand for global offshore wind capacity over the period of 2022-2027 with the Asia Pacific region recording the highest demand capacity in the market
- Policy will continue to drive offshore wind buildout and accompanying demand for wind turbines as well as the attendant demand for towers
- Carbon emissions targets, favourable policies, support schemes and clear permitting processes are accelerating new installations. With these promising demand trends, offshore wind energy is expected to exceed the global target of 385GW by 2035

Implications to MHB

- MHB will continue to participate in international offshore wind opportunities, with a particular focus on Asia Pacific and Europe

How We Responded in 2022

- MHB continued to participate in international bids for offshore wind, with an additional focus on topside opportunities apart from foundation jackets

Outlook & Opportunities

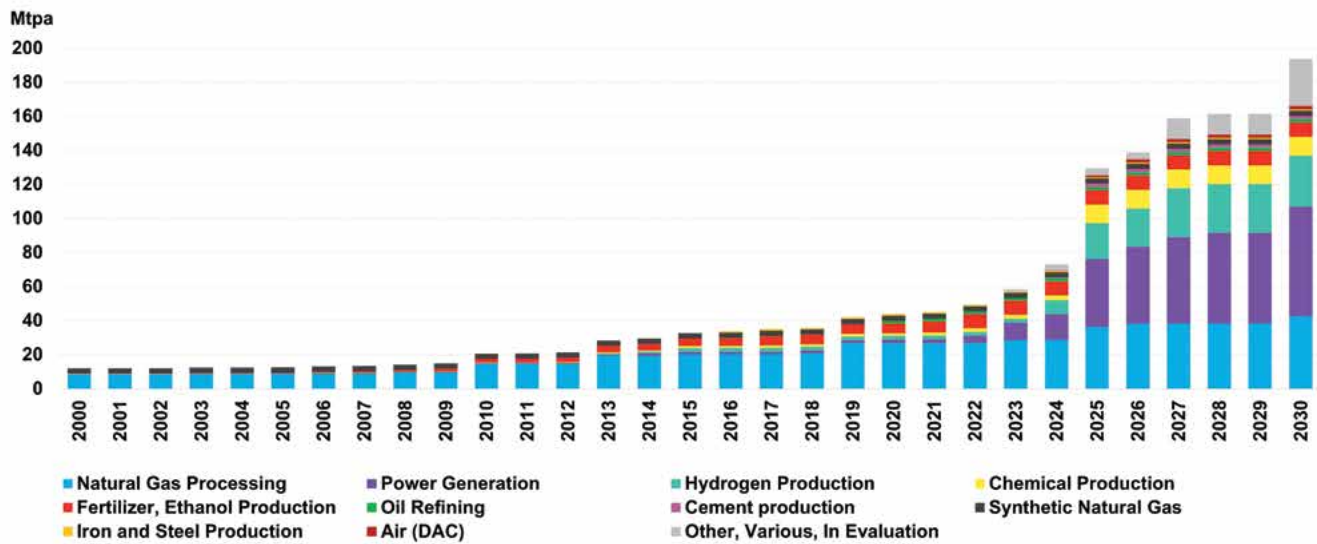
- In the longer term, a win in a significant international offshore wind project will open other international opportunities for the Company
- MHB will continue to contribute to the sustainability agenda to build up our credentials and score points on our bids for international offshore wind projects

OUR OPERATING ENVIRONMENT

ENERGY TRANSITION OPPORTUNITIES (CONT'D)

Market Trend Description : Global Adoption of Carbon Capture, Utilisation & Storage (CCUS)

Global Carbon Capture Capacity in Mtpa



Source: BloombergNEF

- Global carbon capture capacity in 2022 reached 49.4 Mtpa with natural gas processing the largest contributor
- From 2023 onwards, carbon capture capacity is forecasted to further increase and it will breach 100 Mtpa in 2025
- Major contributors between 2025-2030 will be power generation, natural gas processing and hydrogen production
- The Kasawari Phase 2 CCS project, which MHB had secured in November 2022 is an example of contribution from CCS natural gas processing

Implications to MHB

- While the Kasawari Phase 2 CCS is rooted in natural gas processing, MHB believes that there is a significant opportunity for a commercial CCUS value chain to be established in Malaysia from capture and transportation to sequestration
- However, business opportunities in CCUS are dependent on government policies on carbon emissions

How We Responded in 2022

- MHB focused on building its credentials in Energy Transition and hence concentrated on winning the Kasawari Phase 2 CCS project in Malaysia

- MHB increased its participation in dialogues with PETRONAS and government agencies towards uncovering future commercial CCUS opportunities in Malaysia

Outlook & Opportunities

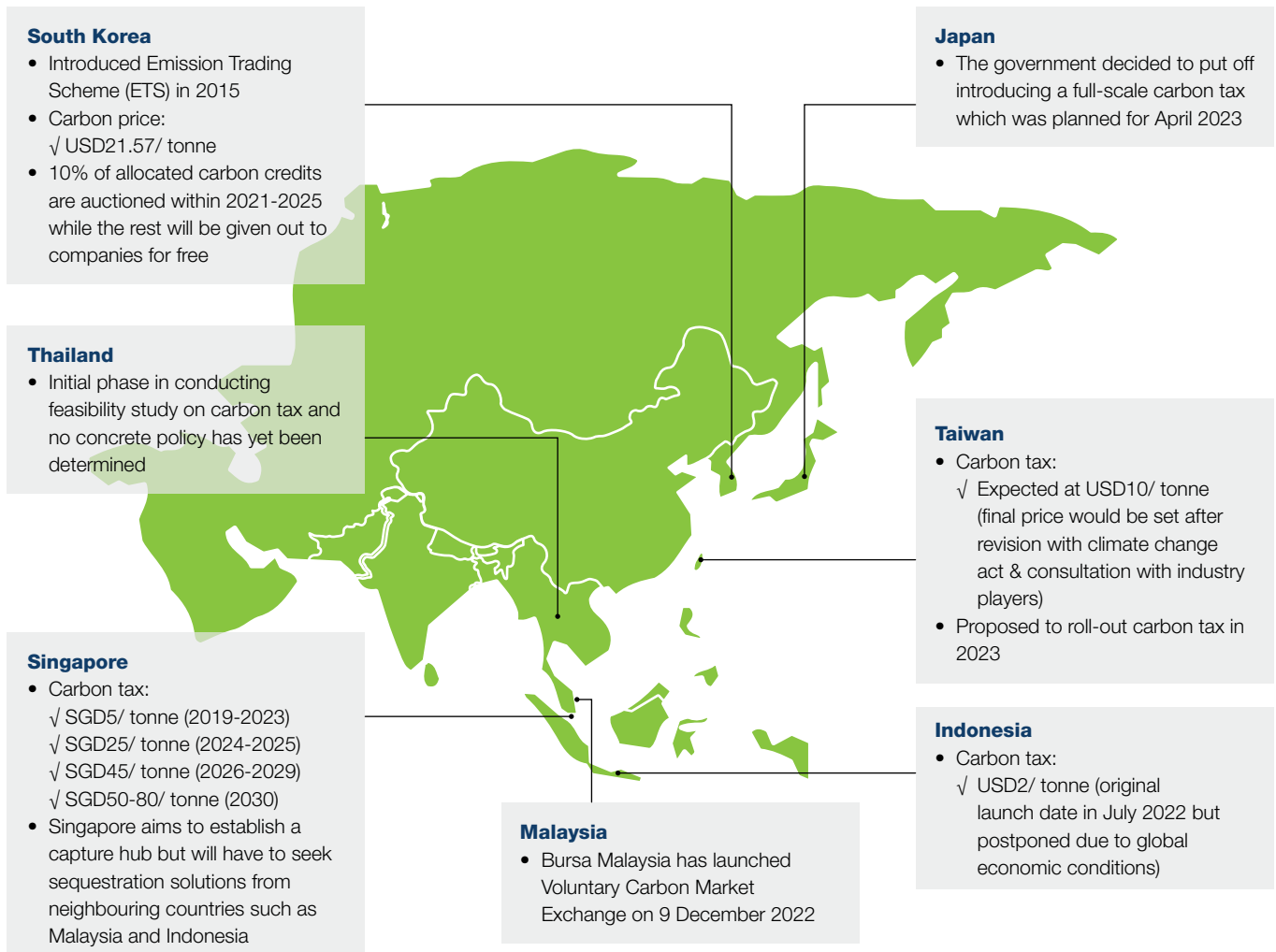
- MHB will explore areas within the value chain where we can participate and contribute other than the opportunities in sequestration that we are currently participating in via the Kasawari Phase 2 CCS

OUR OPERATING ENVIRONMENT

ENERGY TRANSITION OPPORTUNITIES (CONT'D)

Market Trend Description : Global Adoption of Carbon Capture, Utilisation & Storage (CCUS) (Cont'd)

Carbon Tax Implementation in Asia Pacific



Source: Upstream Online

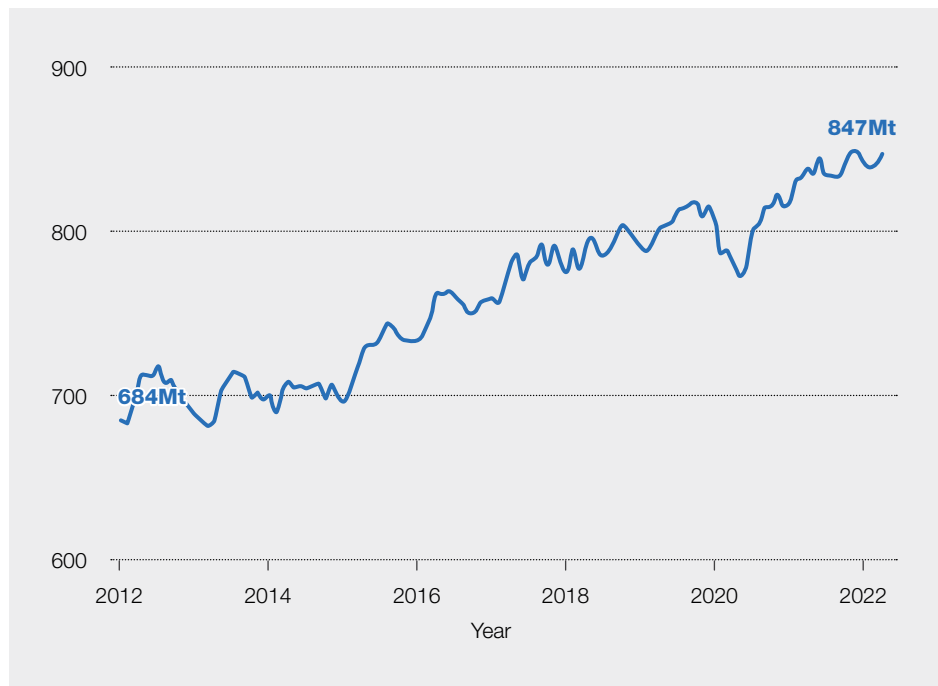
- Commercialisation of CCUS opportunities is dependent on government policies on carbon emissions, for example the implementation of carbon tax
- Carbon tax policy is thus far not widely implemented in the Asia Pacific region. Most countries are still in the initial phase of implementation which requires strong commitments between government and industry players
- In Asia Pacific, Singapore appears to be the most advanced in terms of its commitment on implementing carbon tax, with a progressive implementation of an increasing carbon tax regime until 2030

OUR OPERATING ENVIRONMENT

ENERGY TRANSITION OPPORTUNITIES (CONT'D)

Market Trend Description : Maritime Decarbonisation

Global Fleet's CO₂ Emissions (Metric Tonnes)



Source: UNCTAD

Note: CO₂ emissions data sourced from vessel-specific bunker fuel AIS (Automatic Identification System) database.

- Global CO₂ emissions from vessel operations have been on an increasing trend over the past 10 years
- In 2020, CO₂ emissions dropped to 798 metric tonnes due to the prolonged supply chain crisis that arose from the COVID-19 pandemic
- The International Maritime Organisation's (IMO) regulations - Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) - will be enforced in 2023
- Specifically, the CII rating will be measured annually with an increasingly tougher threshold to be met every year. Hence, vessel owners are required to continuously improve their vessels each year to meet the increasingly stringent requirements of the CII

Implications to MHB

- As a marine repair yard, there is an added opportunity for MHB to help vessel owners decarbonise their vessels by retrofitting vessels with energy efficient technologies during vessel dry docking
- Newer generation engines with new technologies and/ or alternative fuels will be featured more in new vessels

How We Responded in 2022

- In 2022, MHB entered into collaborations with technology providers such as Silverstream Technologies and Bureau Veritas Solutions to build a suite of technologies to reduce emissions for vessel owners

- MHB started early engagements with engine makers and engine service providers to acquire capabilities in newer generation engines

Outlook & Opportunities

- MHB shall include ship retrofitting services that cover energy efficient devices and technologies as a means to support maritime decarbonisation
- MHB is exploring collaborations with engine service providers and engine makers to equip ourselves with capabilities to maintain and service newer generation engines

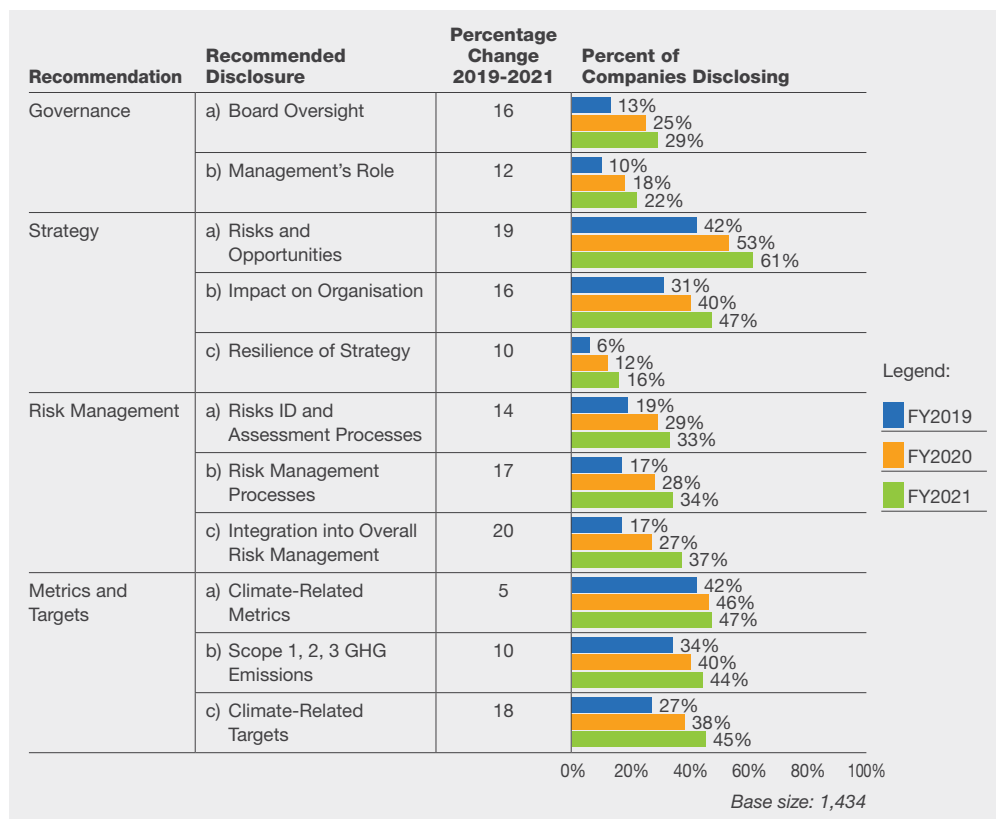
OUR OPERATING ENVIRONMENT

CLIMATE CHANGE & ESG AWARENESS

Link to Material Matters:

- Risk Management
- Business Sustainability
- Climate Change

Market Trend Description : Task Force on Climate-Related Financial Disclosures (TCFD) - Aligned Disclosures by Fiscal Years 2019-2021



- The number of companies that disclosed climate-related information increased from 2019 to 2021 where the size of the increase varying between 5-20 percentage points
- The greatest increase in 2019-2021 across the 11 recommended disclosures is integration into overall risk management with 20 percentage points while the smallest increase is climate-related metrics with only 5 percentage points
- The general trend shows the increase in adoption and awareness of climate change and ESG across 1,434 companies that participated in the survey

Source: Task Force on Climate-related Financial Disclosures, TCFD

Implications to MHB

- According to Bursa Malaysia, all Main Market listed issuers will be required to report TCFD-aligned disclosures by 2025

How We Responded in 2022

- MHB has embarked on the TCFD journey since 2021, which puts us ahead of the curve in terms of the timeline given by Bursa Malaysia
- In 2022, MHB enhanced our TCFD reporting by establishing key climate metrics that will be used to measure and monitor climate-related risk and opportunities

- We have established MHB Climate Framework which is in line with TCFD recommendations
- MHB has also explored the usage of internal carbon pricing and its application as an assumed cost to emissions associated within a given investment or project

Outlook & Opportunities

- We will continue to make further enhancements to provide consistent and transparent annual disclosures to our stakeholders, in line with the TCFD recommendations
- Further details on MHB's TCFD journey can be found in TCFD section under the Sustainability Statement on pages 208 to 226

OUR OPERATING ENVIRONMENT

DIGITALISATION

Link to Material Matters:

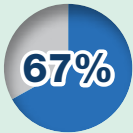
- Project & Financial Performance
- Technological & Operational Innovation
- Supply Chain
- Customer Satisfaction

Resilient Supply Chain Planning

Resilient supply chain planning is built on three interdependent pillars: visibility, scenarios, and master data.

Planning resilience recipe, share of respondents (n = 113)

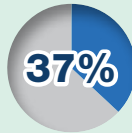
End-to-end (E2E) visibility



implemented dashboards for E2E supply chain visibility

Supply chain leaders who increased E2E visibility were **2.0x** as likely to report having no challenges from 2022 supply chain impacts

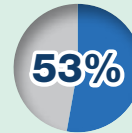
Scenarios



implemented scenario planning

Supply chain leaders who implemented scenario planning were **2.0x** as likely as peers to report no challenges from 2022 disruptions

Master data



have sufficient or high master-data quality

Supply chain leaders with high master-data quality were **1.5x** as likely as peers to report no challenges from 2021 supply chain impacts

Source: McKinsey

- In the McKinsey survey, most respondents agreed that visibility, followed by master data quality were the most important factors in ensuring resilience in supply chain planning. Fewer respondents (37%) implemented some form of scenario planning in their supply chain resilience
- 67% of respondents had implemented digital dashboards for their supply chain visibility while 53% already had sufficient or high master-data quality
- In this case, visibility and master data are greatly aided by digitalisation in supply chain systems

Implications to MHB

- As a prominent EPCIC player, supply chain is core to MHB's business activity
- Hence, continuous improvements in digitalisation of supply chain services is a crucial part of MHB's strategy

How We Responded in 2022








- MHB embarked on the PANTHERA project to reinvigorate its internal supply chain services with the digitalisation of procure-to-pay, category management and strategic sourcing to achieve procurement excellence with a 'single-source-of-truth'

Outlook & Opportunities

- MHB continues to look for opportunities for improvements in digitalisation in its other core activities such as project management

OUR RISKS AND MITIGATION STRATEGIES






MHB undertakes a proactive stance in identifying and managing our risks through the annual risk profiling session to identify the risks which have high impact to MHB. These risks will be monitored and reported to the Board on a quarterly basis. Further detail can be found in the Statement on Risk Management and Internal Control (SORMIC) section on pages 267 to 275.

| Risk Type | Description of Risk | Implications on MHB |
|--|---|---|
|  Competition Risk | Risks associated with MHB's competitive advantage, including competitors' strategies in the oil & gas, marine or other industries. | <ul style="list-style-type: none"> • Non-competitive EPCIC capability may hinder efforts to access to new markets and customers, broaden service offerings and set foothold in international market • Inadequate preparation in transitioning to low carbon economy may result in loss of low carbon business opportunities and competitiveness |
|  Supplier Risk | Risks arising from supply chain disruption, timely delivery of materials and quality of services from vendors and subcontractors. | <ul style="list-style-type: none"> • Delay in material delivery may lead to delay in project completion • Volatility in raw materials and services price leading to erosion of project profit • Poor performance of subcontractors affect the quality of project deliverables |
|  Financial Risk | Risks associated with maintaining the strength of balance sheet, company's liquidity position and sustainable cashflow. | <ul style="list-style-type: none"> • Volatility of foreign exchange leading to adverse impact on working capital |
|  Project Risk | Risks associated with project execution that may affect schedule, costs, quality and financial performance. | <ul style="list-style-type: none"> • Project complications during execution may lead to erosion of project profit • High dependence on subcontractors may lead to cost escalation and negative schedule impacts |
|  Asset Risk | Risks associated with reliability, availability and maintainability of assets and facilities. | <ul style="list-style-type: none"> • Operation disruption due to dysfunctional machinery and unavailability of critical equipment leading to delay in project delivery • Damage to yard infrastructure leading to hazardous condition and/or incident |
|  Technology Risk | Risks associated with cyberattacks and potential technology failures which can disrupt business operation. | <ul style="list-style-type: none"> • Illegal access into ICT infrastructure & services that may lead to company disruption and reputation • Inaccessibility & unavailability of data causing business interruption and idling costs |
|  Health and Safety Risk | Risks associated with any occurrence of major health and safety incidents that may result in injury or loss of life, that could affect business and reputation. | <ul style="list-style-type: none"> • Major health and safety incidents may lead to injuries and/or fatality • Spread of contagious diseases or pandemic which may lead to business disruption and/or fatality |












OUR RISKS AND MITIGATION STRATEGIES

| Mitigations Conducted in FY2022 | Links | |
|--|--|--|
| | Strategy (KRA) | Material Matters |
| <ul style="list-style-type: none"> Strengthen core business and operations by building up EPCIC capability and close operational gaps via partnerships and enhanced in-house capability to ensure competitiveness MHB to intensify Green Operations (GO) practices in compliance to new sustainability requirement from stakeholders (i.e., customer, financial institutions and regulators) | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 2: Develop New Business  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Climate Change Customer Satisfaction |
| <ul style="list-style-type: none"> Establish frame agreement with various suppliers to ensure timely material delivery and reduce impact from price volatility Establish pre-bid agreement for materials and services by project basis Expand a pool of competent and capable subcontractors that meet the requirement | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 2: Develop New Business | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Supply Chain |
| <ul style="list-style-type: none"> Hedging strategy to reduce exchange rate exposure | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 2: Develop New Business | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management |
| <ul style="list-style-type: none"> Enhance overall project monitoring and performance reporting by closely identify, assess, control and mitigate risks Increase in-house capability on prefabrication services and specialised scope to reduce dependence on subcontractor | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 2: Develop New Business  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Customer Satisfaction |
| <ul style="list-style-type: none"> Establish Business Continuity Plan to address risk associated with prolonged unavailability of critical asset, facilities and infrastructure Perform preventive and corrective maintenance to ensure assets are working efficiently Monitor asset utilisation through implementation of Internet of Things (IoT) | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Asset Integrity & Reliability |
| <ul style="list-style-type: none"> Establish Security Operations Center (SOC) to ensure potential security incidents are correctly identified, analysed, defended, investigated and reported Upgrade to Web Application Firewall (WAF) to minimise cyberattacks | <ul style="list-style-type: none">  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Governance & Ethics Risk Management Asset Integrity & Reliability |
| <ul style="list-style-type: none"> Raise health and safety awareness through unsafe act and unsafe condition programmes on continuous basis Ensuring compliance to health & safety requirements in accordance with Pandemic Influenza Preparedness Plan | <ul style="list-style-type: none">  KRA 1: Strengthen Core Business | <ul style="list-style-type: none"> Project & Financial Performance Risk Management Business Sustainability Health & Safety Human & Labour Rights Customer Satisfaction Governance & Ethics Employee Engagement |

OUR RISKS AND MITIGATION STRATEGIES

| Risk Type | Description of Risk | Implications on MHB |
|---|--|---|
|  <p>Security Risk</p> | <p>Risks associated with any occurrence of major security incidents that may result in injury or loss of life, asset damages and security threats that could affect business and reputation.</p> | <ul style="list-style-type: none"> • Potential security threats due to unauthorized access with malicious intents • Sabotage, riot, terrorism, gangsterism and armed robbery may jeopardise yard security and reputation |
|  <p>Human Capital Risk</p> | <p>Risks associated with attracting, retaining, developing the talents to support the achievement of company goals.</p> | <ul style="list-style-type: none"> • Acute shortage of labour affecting the delivery of projects • Inadequate capability and competency may jeopardise work deliverables • Inability to retain and attract talents may lead to operational disruption |
|  <p>Customer Risk</p> | <p>Risks associated with inability to retain and attract customers due to failing to meet their expectation.</p> | <ul style="list-style-type: none"> • Poor customer experience and satisfaction may affect customer retention which would impact revenue and reputation • A declining reputation causing inability to attract new customers |
|  <p>Environmental Risk</p> | <p>Risks associated with exposure to loss arising from environmental degradation due to business operation.</p> | <ul style="list-style-type: none"> • Improper and irresponsible disposal of hazardous and non-hazardous waste create environmental pollution, health problems and safety concern resulting in legal action by regulatory body and reputational damage • Inadequate management of greenhouse gas (GHG) emission may result in inability to achieve net-zero GHG Group aspiration by 2050 |
|  <p>Legal & Regulatory Risk</p> | <p>Risks associated with poor corporate governance and irresponsible business practice resulting in reputational damage, loss of investors' confidence and negative publicity.</p> | <ul style="list-style-type: none"> • Misconduct and non-compliance of 5 critical legal areas (i.e. sanctions, competition & trade, data privacy, export controls, ethics & integrity) and regulations leading to prosecution and reputational damage |

OUR RISKS AND MITIGATION STRATEGIES

| Mitigations Conducted in FY2022 | Links | |
|--|--|---|
| | Strategy (KRA) | Material Matters |
| <ul style="list-style-type: none"> Enhance security measures with installation of additional CCTVs at MMHE West and East yards Installation of Guard Expert Patrol to provide real-time reporting Declaration from all vessels via E-Gateway system, handled by Johor Port Authority |  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Risk Management Business Sustainability Health & Safety Governance & Ethics |
| <ul style="list-style-type: none"> Employ foreign workers and increasing local workers by conducting roadshow for recruitment drive Develop in-house capability and competency through partnership with industry experts Implementation of structured development programs through Individual Learning & Development Program (ILDLP) Monitoring high potential and successors and revision of promotion policy for executives and non-executives |  KRA 1: Strengthen Core Business  KRA 2: Develop New Business  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Employee Engagement Skilled Workforce Diversity & Inclusion Business Sustainability Risk Management Human & Labour Rights |
| <ul style="list-style-type: none"> Conduct customer satisfaction survey as part of continuous improvement initiatives Address project performance gaps by establishing task force Improve workflow and processes to meet customer's requirement |  KRA 1: Strengthen Core Business  KRA 2: Develop New Business  KRA 3: Enhance Capability | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Customer Satisfaction |
| <ul style="list-style-type: none"> Enforcement on scheduled waste management to ensure compliance to Department of Environment (DoE) regulations and yard procedures Ensure scheduled waste compliance among the staffs and subcontractors through trainings and consequence management Develop Scope 1 and Scope 2 GHG roadmap and Scope 3 GHG inventory as well as pivoting towards clean energy operations |  KRA 1: Strengthen Core Business  KRA 2: Develop New Business | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Climate Change Governance & Ethics Supply Chain Employee Engagement |
| <ul style="list-style-type: none"> Attestation on compliance to regulatory by all respective Business Units/ Service Units based on the revised Rules and Legislation Perform periodic due diligence to minimise exposure to sanction risk |  KRA 1: Strengthen Core Business  KRA 2: Develop New Business | <ul style="list-style-type: none"> Project & Financial Performance Business Sustainability Risk Management Governance & Ethics |



→ Our Mega Workshop, one of the largest fabrication workshops in Southeast Asia with total area of 37,200m² where automated cutting and assembly works for projects take place.

- Able to construct 3,000-MT topside or living quarters, under the covered workshop
- Monthly capacity of 5,000 MT



FINANCIAL REVIEW



76 Chief Financial Officer's Financial Review

82 Financial Calendar

83 Share Performance

CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

2022 has been an outstanding year for MHB, as the Company successfully turned around its financial results to record a Net Profit Before Tax (NPBT) of RM46.7 million and Net Profit After Tax (NPAT) of RM67.6 million against a Net Loss of RM274.1 million in the prior year. This remarkable achievement after four consecutive years of losses is a culmination of the hard work, perseverance and focused efforts to drive project execution and delivery towards eliminating schedule slippages, cost overruns and achieving the targeted profit margins on each project as well as through effective resource and cost optimisation. Our relentless pursuit of COVID-19 claims as well as recovery of doubtful debts has contributed significantly to our stellar financial results for 2022. I am pleased to highlight that the Group's financial results for 2022 also surpassed the profits we achieved in 2017 and 2015. On the back of these outstanding financial results, the Group also declared a dividend payout to shareholders; the first since 2018. Revenue surged by 13% to RM1,651.6 million on the back of recovery in both Heavy Engineering and Marine segments as pandemic-related challenges eased. The Group also won several large contracts including the world-first Kasawari Carbon Capture & Storage (CCS) project which has catapulted MHB's order book to RM6.6 billion, the highest ever recorded. We have successfully navigated the challenging headwinds that dominated the industry for the past few years and are now firmly on course for better days ahead.

Ahmad Zakri Md Salleh

Chief Financial Officer



First NPAT since 2017 of

RM67.6 million

NPBT of RM46.7 million

Solid liquidity with CFFO of

RM135.9 million

Cash and bank balances of
RM797.0 million

Dividend Payout Ratio of

35%

1.5 sen per share amounting to
RM24.0 million

CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

Revenue

RM1.7 billion

2021: RM1.5 billion

Operating Profit

RM60.9 million

2021: Operating Loss of RM252.2 million

EBITDA

RM118.6 million

2021: LBITDA of RM178.9 million

FINANCIAL PERFORMANCE IN 2022

The year under review was shaped by COVID-19 becoming endemic in most parts of the world and marked a turning point for MHB as both Heavy Engineering and Marine segments recorded significantly improved results.

Revenue for the Heavy Engineering segment increased to RM1,314.8 million from RM1,218.0 million in the prior year. The Heavy Engineering segment also recorded lower operating loss of RM8.7 million during the year compared to RM209.1 million operating loss in 2021. The prior year loss was a result of significant cost escalations mainly due to schedule slippages brought about by the impact of COVID-19 and the associated disruption to construction activities in the yard coupled with interruptions to the global supply chain. In the current year, the Group made significant progress in recovering COVID-19 costs from customers which had contributed to the segment's much lower operating loss compared to prior year. Coupled with reversal of cost provisions for several completed post-sailaway projects mainly due to expiry of warranty period and final settlement of costs with subcontractors and vendors, the segment's operating loss reduced by nearly 96% from prior year.

The Marine segment significantly improved its performance to post an operating profit of RM61.6 million, a turnaround from an operating loss of RM49.4 million in 2021. This was mainly due to the re-opening of international borders which caused revenue to rise to RM336.9 million from the historical low of RM249.3 million in 2021 as well as the recovery of doubtful debts from customers during the year. The prolonged border restrictions in the prior year had contributed to customers opting for other regional yards with less strict border controls leading to loss of revenue. However, the lifting of border restrictions on 1 April 2022 removed the limitations on the entry of specialists required to perform marine repair work at the yard, thus contributing to the significant improvement in marine repair and dry docking works. Our focused credit risks and debt recovery management efforts have also generated positive results as the Marine segment also managed to recover doubtful debts amounting to RM17.4 million that further added to the segment's remarkable turnaround in 2022.

REVENUE BREAKDOWN BY SEGMENT (RM million)

Heavy Engineering



Marine



OPERATING PROFIT/(LOSS) BREAKDOWN BY SEGMENT (RM million)

Heavy Engineering



Marine



ROBUST FINANCIAL POSITION AND LIQUIDITY

A critical component of MHB's ability to persevere through the global economic, pandemic and industry challenges of the past few years has been our fundamentally strong balance sheet and liquidity position, which is backed by our prudent and disciplined financial management. We have further strengthened our financial position in 2022, as cash and bank balances increased by RM87.1 million to RM797.0 million based on our robust cash management strategy. Our optimised cash management strategy also resulted in positive net cash flow from operations of RM135.9 million, a remarkable turnaround from the cash flow used in operations in prior year of RM10.5 million. We have significantly improved cash collection from customers through diligent follow-up on detailed documentation and review of documents to expedite the scheduled project milestone payments. This, coupled with recovery of COVID-19 claims as well as doubtful debts have all contributed to the Group's strong cash and liquidity position.

CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

On top of that, we doubled the return on our invested cash from the previous year of RM10.3 million to RM20.5 million largely riding on favourable interest rates as well as capitalising on the higher cash balance and stronger operating cash flows. Our strong liquidity position reflects our ability to meet our financial obligations including CAPEX, working capital and debt repayments. Our net cash of RM456.1 million puts us in the top ranks of cash rich companies listed on Bursa Malaysia and gives us the added confidence to sustain the business, mitigate risks and weather any challenges that may come.

Our total assets remained healthy at RM3,358.1 million giving us a firm foothold to sustain and grow our business. We continue to show stable and strong net tangible assets of RM1.11 per share against RM1.07 per share in prior year. It is important to note that our strong financial position gives us a competitive edge in securing major projects, as it provides our customers with the assurance and confidence that MHB can execute projects without any disruptions to business continuity. The project wins we have secured in 2022 are both a sign that the oil and gas (O&G) sector has turned the corner towards recovery, as well as a testament to our ability to leverage on our strengths and capture market opportunities.

Our property, plant and equipment and right-of-use assets stood at RM1,693.9 million, representing our world-class facilities, assets, machinery and equipment which will support the future sustainability of the business in executing world-class projects for our valued customers. It is also worth highlighting that the recoverable amount of our property, plant and equipment and right-of-use assets continue to exceed its carrying amounts, which is testament to our robust portfolio of projects in the order book that will drive the Group's business profitability moving forward.

Our deferred tax assets which are primarily derived from the Investment Tax Allowances (ITA) granted by the Malaysian Government continue to represent a valuable source of future tax credits to offset future taxable income. In addition to the deferred tax assets recognised of RM93.3 million, the Group also has at its disposal in excess of RM1 billion of unutilised ITA, unabsorbed capital allowances and unutilised tax losses which has not been recognised as deferred tax assets that are available for offset against future taxable profits of the Group.

Total liabilities reduced from RM1,682.7 million to RM1,588.6 million, mainly due to lower borrowing and lower trade and other payables by RM34.4 million and RM66.1 million respectively, reflecting our prudent management of debt and payables. Total borrowing reduced to RM335.2 million from RM369.6 million in 2021, as we maintained our quarterly principal repayments during the year. In 2022, the Group fully complied with the covenants stipulated in the Facility Agreement. Our ability to generate sufficient cash flow from operations to fund debt repayments demonstrates our ability to manage our cash efficiently despite the industry downturn and prolonged pandemic in prior years. This is the cornerstone of our fiscal discipline, where we take an uncompromising view of not taking any unnecessary risks and maintaining strong cash balance. Our conservative management of debt is reflected in our Debt-to-Equity (D/E) ratio of 0.19x reducing further from 0.22x in prior year, which remains as one of the lowest across the entire global fabrication industry. Our low gearing, coupled with our strong cash balance and effective risk management strategies puts us in the strongest possible financial position to compete for jobs and execute them effectively.



A significant financial value creation for our shareholders and investors during the year was the significant increase in our market capitalisation from the year before. At the end of 2022, MHB's market capitalisation surged by 51% year on year to RM952.0 million from RM632.0 million in 2021. The increase demonstrates that we have regained market and shareholders'/investors' confidence, as we delivered on our promise to provide sustainable returns to our shareholders/investors.

Further underlining the market confidence in our strong business fundamentals, MHB has successfully retained our investment grade credit rating. In 2022, Malaysian Rating Corporation Berhad (MARC) affirmed its AA_{IS} rating with a stable outlook for MHB's Sukuk Murabahah Programme of up to RM1.0 billion. The rating reflects MHB's conservative balance sheet and strong liquidity position as well as our robust competitive position as the largest domestic offshore fabricator.

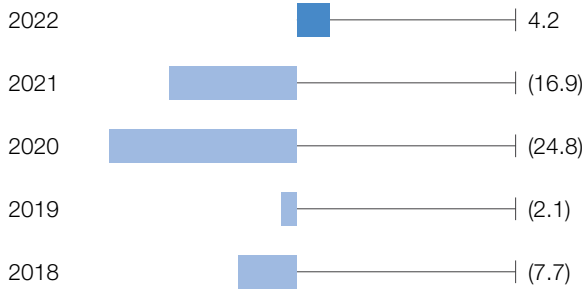
We have maintained close engagements with the investment community through regular engagements held throughout the year. As the world gradually returned to normalcy in the endemic phase of COVID-19, we incorporated hybrid engagement modes which enabled the investment community to choose their preferred mode of communication. Our proactive and transparent communication as well as timely disclosures of pertinent Company information enabled MHB to record majority analyst 'Buy' recommendations as of 31 December 2022.

 Please refer to Investor Relations Report on pages 277 to 280 for more information

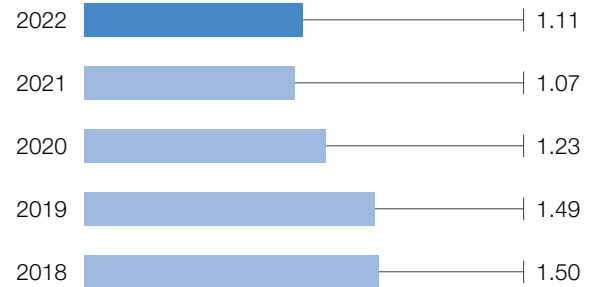
CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

5-YEAR FINANCIAL HIGHLIGHT

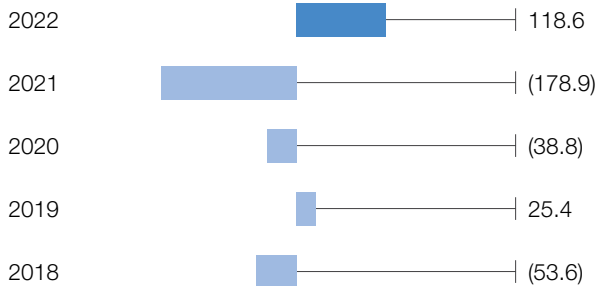
EARNINGS/(LOSS) PER SHARE (sen)



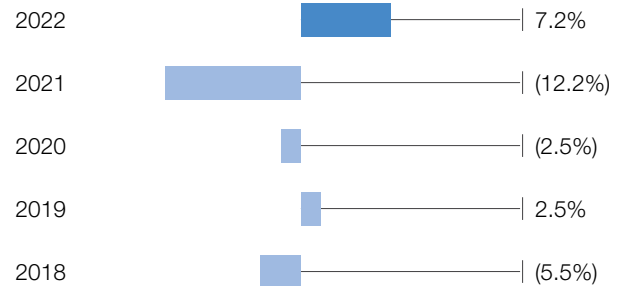
NET TANGIBLE ASSETS PER SHARE (RM)



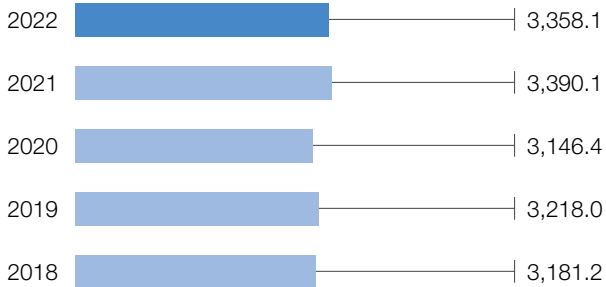
EBITDA/ (LBITDA) (RM million)



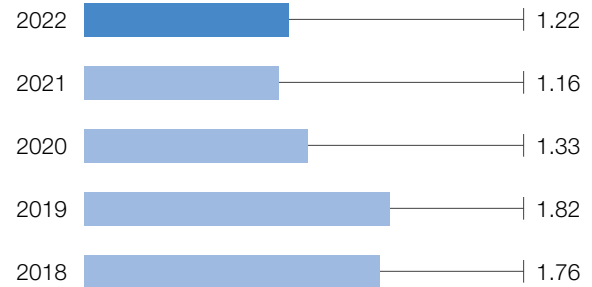
EBITDA/ (LBITDA) MARGIN



TOTAL ASSETS (RM million)



CURRENT RATIOS (times)



CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

SUCCESSFUL TURNAROUND DRIVEN BY OPERATIONAL EXCELLENCE AND PRUDENT FINANCIAL MANAGEMENT

MHB's profitable turnaround was mainly contributed by the robust recovery in both business segments. For the Marine business segment, this was actuated by the reopening of borders which allowed entry of foreign specialists to fulfil marine work scopes with no restrictions. Customers who had previously shifted to competitors returned to us and this had a positive impact on our order book and operations. Nevertheless, we did encounter challenges in the form of manpower constraints mainly due to the lingering effects of the pandemic as well as workers seeking jobs abroad in order to secure higher wages.

There was also an overall recovery of the O&G industry worldwide, as oil prices trended upwards to average around USD100.93 per barrel in 2022. The revival of the O&G industry led to oil majors increasing their annual exploration & production (E&P) CAPEX spend, which translated to more opportunities for MHB. During the year, we reached record high order book of RM6.6 billion - our highest ever. A huge contract win was the Kasawari Carbon Capture & Storage (CCS) project from PETRONAS Carigali Sdn Bhd (PCSB) which amounted to around RM4.5 billion. This was a significant addition to our order book and also ensures that we increase our yard utilisation. Another key win for the year was the Rosmari-Marjoram gas project from Sarawak Shell Berhad which amounted close to RM0.5 billion. Our strong order book has enhanced our earnings visibility with recurring income streams up to 2025.

Also underpinning our successful turnaround was MHB's prudent financial management strategy, which saw us recouping our losses from previous years. A critical part of this strategy was our aggressive and relentless pursuit of COVID-19 claims as well as recovery of bad debts from customers.

In 2022, the Company's wholly-owned subsidiary, MMHE secured a tax refund from the Inland Revenue Board through the recognition of ITA in relation to prior years' tax returns for marine repairs, marine conversion, engineering, and construction activities. The refund amounting to RM21.1 million has contributed significantly to our profitable turnaround. This success is also a testament to the effectiveness of our tax policy which anchors on our commitment to become a responsible taxpayer by complying in good faith with all applicable tax laws, regulations, guidelines, international tax treaties, settling tax obligations when legally due and maintaining cooperative working relationship with tax authorities.

Our prudent financial management is also anchored on our strict adherence to our corporate governance and internal control system that mainly consists of the followings:

- Limits of Authority (LOA) manual which continues to provide a sound framework of authority and accountability, facilitating effective and timely corporate decision-making at the appropriate level,
- Our comprehensive Annual Planning and Budgeting exercise which involves the development of sound business strategies including specific measurable financial targets that drive business performance,
- Our MHB Financial Policy which sets the overall philosophy on becoming financially resilient through efficient capital and liquidity management,
- MHB Credit Committee (MCC) which proactively reviews and monitors the Group's credit exposure, risk mitigations as well as bad debt recovery,
- Our robust and effective procedures for CAPEX/investment appraisal and approval, and
- Our Contract Award Committee (CAC) which reviews the overall contracting strategies for new projects, strategic procurement contracts, CAPEX and variation orders exceeding certain thresholds.

 Please refer to *Statement on Risk Management and Internal Control* on pages 267 to 275 for more information

FOCUSED ON GENERATING CONTINUOUS FUTURE GROWTH

Even as MHB ramped up growth in our core business, we continue to build strong foundations to drive our future growth. There are various opportunities in the horizon which we are focused on capturing as our yards are not at full capacity just yet, leaving us room to secure further projects.

With the O&G sector having strongly rebounded from its decline over the past number of years, we are poised to leverage on our industry experience and credible track record to compete for more projects. PETRONAS has ambitious plans to further develop the local O&G industry especially with regards to new hydrocarbon sources which we can benefit from. On the international front, we are making further headway into business development opportunities through engagements in Qatar and Saudi Arabia.

The renewable energy (RE) space is another burgeoning sector which holds many valuable opportunities as energy transition and decarbonisation demands drive its growth. MHB's ongoing business development efforts and partnership collaboration with Smulders to develop our in-house capabilities has resulted in a number of potential customers conducting yard visits and expressing their interest in procuring our services. We are hopeful that with all our ongoing efforts to grow in this area, 2023 will be the year which will see MHB succeed in securing a major contract in the offshore wind farm (OWF) sector.

CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW

We believe our major project win in 2022 – the Kasawari CCS project – will further augment our credibility in providing green solutions. MHB's venture into low-carbon products and services are inextricably linked with our organisational desire to contribute to the United Nations Sustainability Development Goals (UNSDGs) as well as combat climate change. Our efforts will also complement PETRONAS and MISC Group's efforts, to achieve their own net-zero ambitions.

CONTINUED TO DRIVE OUR INTERNAL FINANCE TRANSFORMATION

In 2021 we had unveiled our plan to drive our internal finance transformation in line with the aspirations of MISC Group. We have progressed with our transformation roadmap to increase efficiencies in the finance function through the implementation of digitalisation and automation tools. We are close to the final stage of our plan and expect the platform to go live in 2023. Once completed, the transformation will cause a paradigm shift in the finance function from its traditional role into a data driven finance of the future with predictive and prescriptive capabilities anchored on a single source of truth.

Our new reimagined finance function involves the reorganisation and transformation of our key financial services and activities which will translate to higher productivity and improved efficiencies. Apart from the centralisation of functions, we are also upskilling our people by building their capabilities in data analytics which will enable them to perform meaningful analysis of data to further drive business performance. This will essentially make the finance function a partner in the business by enabling data-driven decision making. By harnessing the power of data analytics for Management to make better, more precise business decisions, we will be taking MHB's finance function to the next level. At the same time, we will also be promoting accountability as well as integrity over data ownership and usage.

MOVING FORWARD

Stepping into 2023, we are aware of the key strengths we can rely on as our growth drivers. Our strong balance sheet and liquidity position, coupled with our long-standing track record and expertise in offshore construction and marine repair services puts us in a better position to capture growth opportunities. At the same time, we are mindful of risks that lie ahead, which come in the form of ensuring a strong order book year on year and smooth project execution and delivery. This is in view of external challenges which include global supply chain disruptions caused by the continuing Russia-Ukraine conflict and intensified competition in the industry.

Our financial strategy for the year ahead remains the same – to maintain fiscal discipline, financial prudence and sound financial management. We will continue to focus on maintaining our strong financial position through prudent financial risk management in our project execution as well as on the bidding front. Cost optimisation through cautious spending and resource optimisation also remains our top priority in our financial management strategy.

Having implemented the MHB Financial Policy in 2021 which was based on the PETRONAS Financial Policy and the MISC Financial Policy, we have set strong foundations to continuously strengthen our financial resilience. We will continue to practice robust financial risk management as a critical pillar of our business. As we gear up towards achieving further financial success, we will strive to improve profitability, market capitalisation and shareholder returns along with maintaining our investment grade credit rating.

With the pandemic now a thing of the past, MHB is looking forward to secure new projects. As we venture further into the RE space, we are hopeful to be awarded OWF projects on the many international bids we have participated in thus far. We will also focus on establishing ourselves as a world-class EPCIC player by expanding our international footprint through project awards in Qatar and Saudi Arabia as both countries have expressed their intent to further develop their hydrocarbon resources.

The year ahead will also see the successful completion of some of the largest projects on our books. Specifically, the EPCIC works for the Kasawari Gas Development project phase one, comprising the Kasawari central processing platform (CPP), wellhead platform (WHP) and a flare structure together with two bridges linking the CPP to the WHP and the flare structure which we were awarded in 2019. The Kasawari CPP is currently being fabricated at MMHE West yard and is scheduled for loadout in 2023. The completion of this project will further reinforce our position as a leading EPCIC player.

Our RM6.6 billion record high order book during the year will further strengthen our financial position in the years ahead as we strive to deliver projects on time and within costs. We have already embarked on initiatives to enhance our bidding competitiveness and achieve project execution excellence, such as the PANTHERA project. These will augment our business and operational resilience and help us deliver projects in line with our customers' needs and expectations.

We believe that our focused efforts will drive better results for MHB moving forward. In light of our outstanding results, for the first time since 2017, MHB is now in a position to declare dividends for our shareholders with the Board having approved a dividend payout of 1.5 sen per share. This amounts to RM24.0 million representing a 35% dividend payout ratio, which reflects our commitment to reward our loyal shareholders from sustainable profits. I would like to take this opportunity to thank our shareholders and investors for their continuous loyalty and faith in MHB and for standing by us as we navigated the difficult challenges in the past few years. We reiterate our commitment to continue pushing MHB to even greater heights and generate sustainable financial rewards for our stakeholders.

AHMAD ZAKRI MD SALLEH

Chief Financial Officer

FINANCIAL CALENDAR

Financial Year 2022



20
May
2022

Q1 FY2022
Result Announced

17
Aug
2022

Q2 FY2022
Result Announced

10
Nov
2022

Q3 FY2022
Result Announced

Financial Year 2023



10
Feb
2023

FY2023 Full Year
Results Announced

Dividend Announced

24
Mar
2023

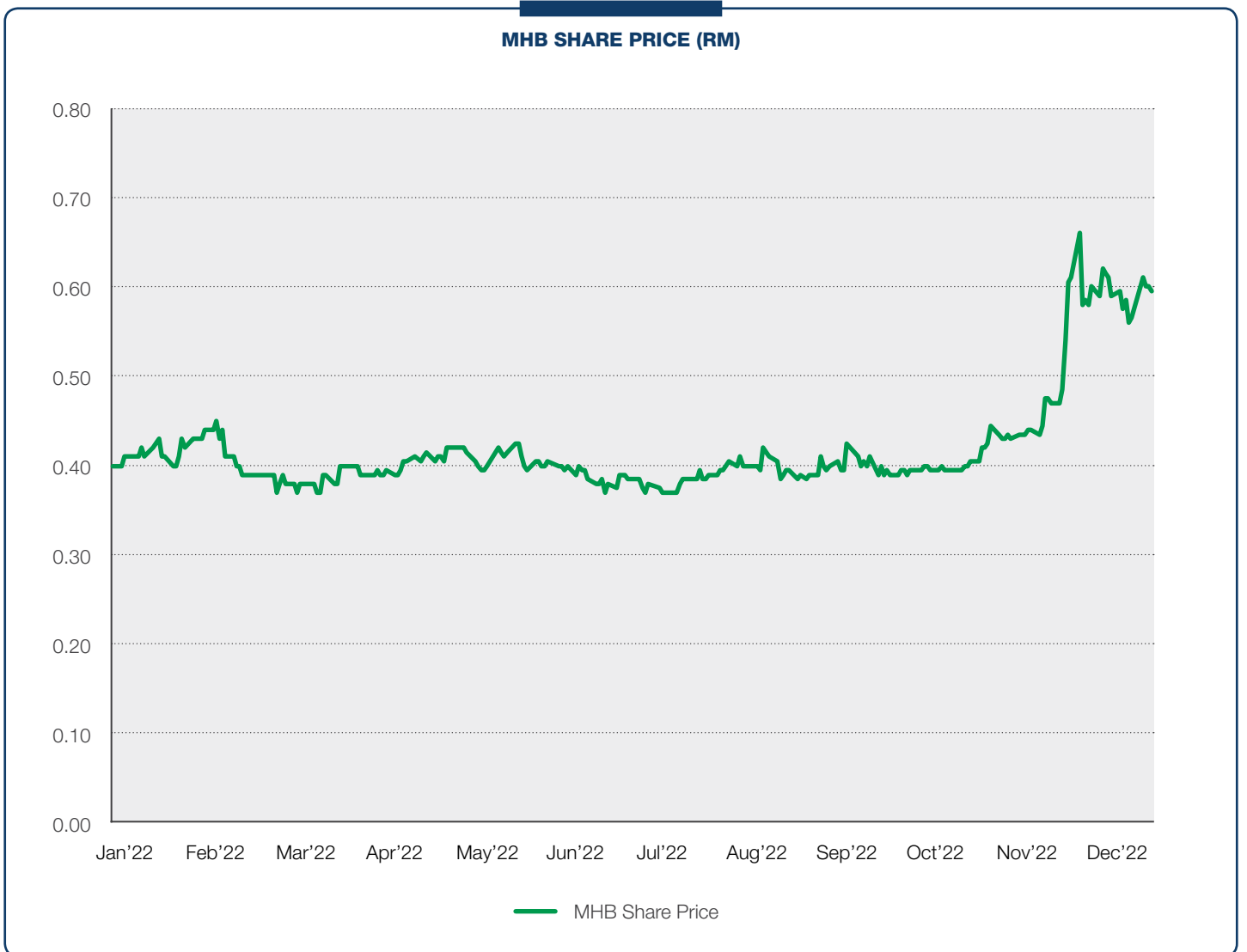
Dividend payment

13
Apr
2023

Annual General
Meeting

SHARE PERFORMANCE

| Month (2022) | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------------------|-------|--------|-------|-------|-------|-------|-------|--------|-------|-------|--------|--------|
| Highest Closing Price (RM) | 0.43 | 0.45 | 0.40 | 0.42 | 0.43 | 0.41 | 0.40 | 0.42 | 0.43 | 0.41 | 0.54 | 0.66 |
| Lowest Closing Price (RM) | 0.40 | 0.39 | 0.37 | 0.39 | 0.40 | 0.37 | 0.37 | 0.39 | 0.39 | 0.39 | 0.42 | 0.56 |
| Average Closing Price (RM) | 0.41 | 0.41 | 0.38 | 0.40 | 0.41 | 0.39 | 0.38 | 0.40 | 0.40 | 0.40 | 0.45 | 0.60 |
| Volume Traded ('000) | 7,409 | 17,736 | 7,516 | 6,760 | 8,551 | 3,540 | 3,535 | 12,936 | 9,279 | 6,695 | 29,235 | 60,295 |





BUSINESS & OPERATIONAL REVIEW



86 Heavy Engineering

94 Marine

102 Plant Turnaround & Shutdown Maintenance

HEAVY ENGINEERING



WE HAVE A PROVEN TRACK
RECORD OF CLOSE TO
50 YEARS IN DELIVERING
INTEGRATED AND COMPLEX
SOLUTIONS

WITH FABRICATION TONNAGE
CAPACITY OF **129,700 MT**,
OUR YARDS ARE FITTED WITH THE
LARGEST GOLIATH CRANES IN
SOUTHEAST ASIA



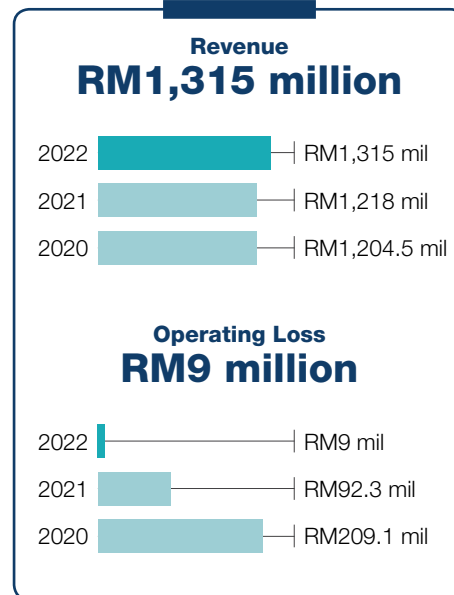
HEAVY ENGINEERING

MHB offers fabrication services for offshore and onshore facilities, including deepwater facilities, fixed platforms, process modules, wind farms, and other services, through our Heavy Engineering segment, one of our core business segments. Additionally, we are able to carry out the full spectrum engineering, procurement, construction, installation and commissioning (EPCIC) services required for heavy engineering construction. We have a proven track record of close to 50 years in delivering integrated and complex solutions, including services for the energy industry (offshore, onshore and renewables) as well as comprehensive integration works for a wide range of offshore facilities and vessels.

We have two fully functional yards, MMHE West yard and MMHE East yard in Pasir Gudang, Johor, that offer top-notch facilities. MMHE West yard is the single largest fabrication yard by annual tonnage capacity in Malaysia and has one of the largest dry docks in Southeast Asia. Our yards are fitted with the largest Goliath Cranes in Southeast Asia and one of the largest synchrolifts in the world.

We focus on providing sustainable solutions with value added services to our clients and stakeholders in order to remain a sustainable and relevant business in a world that is continually evolving. One of our distinctive competitive advantages in the market is our fit for-purpose offshore platform. It was designed to extract oil and gas, and it offers a technically sound yet financially viable alternative for the development of Malaysia's marginal oil and gas areas. This is a commercially viable solution that can increase both business and operating efficiency by offering low capital expenditure (CAPEX) with zero or minimal operating expenditures (OPEX). With our focused contracting strategy and state-of-the-art facilities, we have the capacity to achieve project completion within a duration of nine months.

PERFORMANCE HIGHLIGHTS



KEY HIGHLIGHTS 2022

Secured our first Carbon Capture & Storage (CCS) Project - Kasawari CCS

In line with our ambition to venture into the energy transition market, in 2022 we secured a contract from PETRONAS Carigali Sdn Bhd (PCSB) to undertake EPCIC services for the Kasawari carbon capture & storage (CCS) project, off the coast of Sarawak, offshore Malaysia. This was in addition to the front end engineering design (FEED) contract that we were awarded earlier in the year in a FEED competition mode. As this contract was won based on a FEED competition, it is testament to our cost competitiveness in delivering integrated EPCIC solutions to our customers.

The EPCIC contract covers the construction of a 14,000-metric tonne (MT) topside, a 15,000-MT eight-legged jacket of Kasawari CCS platform and a bridge linking to the Kasawari central processing platform (CPP). Once completed, the platform will be installed in a water depth of 108 metres (m) within SK316 area, approximately 200 kilometres (km)

offshore from PETRONAS LNG Complex in Bintulu, Sarawak.

The landmark Kasawari CCS project features a series of firsts for the world and Malaysia. Kasawari CCS will be the largest offshore CCS project in the world by volume of carbon dioxide (CO₂) captured, with the ability to capture up to 3.3 million tonnes per annum of CO₂. A total of about 71 to 76 million tonnes of CO₂ from the Kasawari CCS project will be reinjected into the M1 field via pipeline, which is approximately 138 km away from the platform. On top of that, the facility will be the world's largest offshore platform fabricated to capture and store carbon as well as Malaysia's first CCS project. It is scheduled to start up by the end of 2025 and will be part of the overall Kasawari Gas Development Project.

The EPCIC contract is an alliance contract between MMHE and PCSB to execute the EPCIC scope of Kasawari CCS. It forms a series of contracts that we have successfully secured from PCSB for the Kasawari Gas Development Project. Our first contract for Kasawari was in 2019 when we were awarded the EPCIC works contract for the first phase of the Kasawari. This comprised of the Kasawari CPP, wellhead platform (WHP), and a flare structure together with two bridges linking the CPP to the WHP and the flare structure. Kasawari CPP is currently being fabricated at MMHE West yard, Pasir Gudang, Johor and is scheduled to loadout in 2023, while Kasawari WHP jacket and topside have been completed and installed at the site location in 2021.

The continuation of project awards from our long-standing partner PCSB demonstrates our client's continued confidence in our capability to produce the desired results. The award of this contract has increased the order book of MHB to RM6.6 billion, one of the highest ever in our history which signifies the recovery of the oil and gas industry after a long slow down period since 2014 and throughout the pandemic era.

HEAVY ENGINEERING

Through this project, we are contributing to PETRONAS' mission to build a sustainable portfolio with innovative solutions to produce energy responsibly. With the Kasawari CCS platform, this will support PETRONAS' Sustainability Agenda and drive PETRONAS' Carbon Commitment and greenhouse (GHG) gas emissions target by reducing carbon emissions and zero continuous flaring and venting. Forming MHB's very first step in the CCS segment, it will further fortify our commitment and efforts in offering cleaner solutions and supporting our stakeholders' sustainability mission across future decarbonisation projects and energy transition.

Awarded FEED and EPCIC Alliance Kasawari CCS Project



CLIENT

PETRONAS Carigali Sdn Bhd



PROJECT LOCATION

SK 316, 200 km offshore from
PETRONAS LNG Complex in Bintulu, Sarawak



WEIGHT

- Topside: 14,000 MT
- Jacket: 15,000 MT
- Piles: 4,200 MT
- Bridge: 300 MT

Secured our Solar Powered Offshore Platform - Rosmari-Marjoram Project

During the year, we were awarded the engineering, Procurement and Construction (EPC) contract for the solar powered offshore platform, the Rosmari-Marjoram Project, from Sarawak Shell Berhad (SSB). The platform will comprise of a topside, a four-legged jacket and piles and will be installed in a water depth of 140m within SK318 area, off the coast of Bintulu, Sarawak upon completion.

This unmanned platform will be primarily powered by renewable energy where it will utilise power from solar panels. With a design life of 20 years, it will cater for up to 800 million standard cubic feet of gas per day with start-up targeted in 2026 supplying natural gas to the PETRONAS LNG Complex in Bintulu, Sarawak. The Rosmari-Marjoram gas project is currently undertaken by SSB (Operator of the SK318 Block) and PCSB.

This project award is not just another achievement for our record books but also signifies our strong and lasting partnership with SSB in many years to come. The announcement of the Final Investment Decision by SSB followed by the award of this contract also indicates the beginning

of the revitalisation of the oil and gas industry in Malaysia that has long been impeded due to the pandemic and economic slowdown causing oil and gas developers to be more cautious in its CAPEX spending for new developments.

Apart from our ultimate aim to deliver this project safely and timely, this project is aligned with our commitment in providing cleaner energy solutions through the utilisation of renewable energy to power the platform. Having embarked on our sustainability journey by integrating sustainable practices into our business and decision-making to ensure that we operate responsibly, our delivery of this project will further intensify our aspiration to support all our stakeholders, in particular Shell and PETRONAS, towards materialising their net zero carbon emission agenda.

Awarded Rosmari-Marjoram WHP



CLIENT

Sarawak Shell Berhad



PROJECT LOCATION

SK 318, off the coast of Bintulu, Sarawak



WEIGHT

- Topside: 2,000 MT
- Jacket: 5,500 MT
- Pile: 2,300 MT

Increased order intake for international projects

Towards expanding our market reach to international ventures and securing our long-term cash flows and revenue, in 2022 we have strengthened and improved our ties with Saudi Aramco for long-term agreement (LTA) projects. We also conducted feasibility studies to establish our presence abroad in locations such as the Kingdom of Saudi Arabia, Qatar and Taiwan in line with our business development agenda. A key achievement during the year was our qualification as an EPCIC contractor by QatarGas and North Oil Company (NOC) for their upcoming major offshore field development (OFD) projects.

QUALIFIED AS EPCIC CONTRACTOR BY,
**QATARGAS &
NORTH OIL COMPANY**



HEAVY ENGINEERING

Advanced our footprint in the Offshore Wind Farm (OWF) market

2022 saw us making further inroads in the OWF segment. During the year, we embarked on exploring the area of offshore substations (OSS) for high potential prospects in the OWF sector. Offshore wind projects are characterised by the need to build offshore electric power transmission infrastructure and OSS are a key element of submarine electric power transmission systems. We also entered into discussions on potential collaborations with local Taiwanese contractors for the third round of OWF development in the Taiwan market.

Strengthened our floating facilities proposition

During the year, we have augmented our floating facilities capability via a strategic alliance with Dyna-Mac Holdings Limited via its subsidiary Dyna-Mac Engineering Services Pte Ltd. Through our partnership, we have conducted joint bidding exercises on international projects to offer potential clients with a one-stop solution for module fabrication, vessel conversion and integration work. It allows us offer the market unique integrated solutions that are a powerful combination of MHB's capacity and capability and Dyna-Mac's prowess. We are optimistic of our ability to win floating facilities tenders as we continued to strengthen our offering.

The synergistic partnership benefits both parties. Dyna-Mac will be able to increase its capacity to execute projects beyond its Singapore yards, while MHB will be able to capitalise on its yard capacity and capability to support in realising a shared vision and addressing the market demands.

ENTERED INTO A STRATEGIC ALLIANCE
WITH **DYNA-MAC**



Progressed with ongoing projects

We have remained focused on executing our current projects and progressed well despite supply chain challenges. As at end 2022, we recorded a progress rate of 75.51% on the EPCIC Kasawari which consists of the construction of 47,000-MT of CPP, 8,600-MT of WHP and a flare structure, together with two bridges linking the CPP to the WHP and the flare structure. The contract also involves the transportation and installation of an 85 km pipeline linking the Kasawari CPP to the existing E11R-A platform.

Another major project in our books is the EPCIC Jerun Development project, where we recorded progress of 53.40% as at end 2022. This project consists of the construction of an approximately 15,000-MT topside, 10,000-MT jacket and 5,000-MT piles of CPP. It also includes the design engineering of a 30-inch carbon steel pipeline with a length equivalent to 80 kilometres distance from the CPP to the existing E11R-B platform to co-mingle with the existing trunkline to the PETRONAS Malaysia LNG Plant in Bintulu, Sarawak.

PROGRESS RATE ON PROJECTS



EPCIC Kasawari Gas
Development Project
75.51%



EPCIC Jerun
Development Project
53.40%

Obtained American Petroleum Institute (API) Certification

During the year we have enhanced our in-house capability by obtaining certification for the Fabrication of Structural Steel Pipe for the Oil and Gas Industry by the American Petroleum Institute (API); namely the certification of API Spec Q1, 9th Edition and Monogram API-2B. These certifications are specific for the organisations that manufacture products for the petroleum and natural gas industry as it helps the industry to improve risk assessment and management of processes employed to produce its products. The recognition by API gives a higher level of confidence and assurance to clients that we meets the API Q1 standard and have acquired the right to use the Official API-2B Monogram on the structural steel pipe product manufactured by the MHB in-house tubular fabrication team.

OBTAINED
API CERTIFICATION
FOR FABRICATION OF STRUCTURAL STEEL
PIPE FOR THE OIL AND GAS INDUSTRY



HEAVY ENGINEERING



Enhanced our FEED capability

In 2022, we expanded our core FEED Detailed Design Engineering/Verification (FDDE/FEEV) team to 32 members. Our expansion will allow us to deliver on the new major projects in our books. As well as that, we also completed our transportation and installation (T&I) execution strategy for two tenders through long-term partnerships, namely the Kasawari CCS topside in partnership with Boskalis and the CPOC Phase 6 in partnership with PT Timas.

- Expanded FDDE/FEEV team
- Completed T&I Strategy

Awards and Accolades

Testament of our high-performance culture in 2022, we were honoured at the Energy Industry Council (EIC) Regional Awards 2022 for Asia Pacific with our award in the Culture Category. The award demonstrates the strength of the MHB culture where business success is driven by the the strong beliefs and behaviours that determine how our people and Management interact internally and with all our valued stakeholders.

WON CULTURE CATEGORY AWARD AT
**EIC REGIONAL
AWARDS 2022**



HEAVY ENGINEERING

RISKS & OPPORTUNITIES

| Challenges / Risks | Mitigation Strategies | Results |
|---|---|--|
| <p>1 Inability to execute strategic initiatives could hamper our ability to secure international project</p> | <ul style="list-style-type: none"> Established strategic partnerships to enhance our capability as an EPCIC contractor Appointed agents to represent our interests and set up representative offices to reinforce our presence in international markets | <ul style="list-style-type: none"> Signed MoU with KBR for engineering services Appointed a company as our agent for the international market Strengthened our business development efforts in Qatar via the establishment of our Saudi Arabia office |
| <p>2 Inability to achieve optimal yard utilisation will impact our productivity and ultimately our profitability</p> | <ul style="list-style-type: none"> Establishing Frame Agreements with Vendors/Subcontractors | <ul style="list-style-type: none"> Negotiations still in progress |

FUTURE PLANS

Stepping into 2023, it is expected that demand will grow for onshore process/utility and pipe rack modules in the international market within the onshore module market segment. This is apparent from the development of onshore LNG plants and terminals. Typical onshore plants require a large number of prefabricated modules which total tonnage exceeding more than 100,000 MT. We are aggressively pursuing some of the main EPC contractors for such plants to position MHB as the preferred yard to fabricate onshore process modules. Within the floating facility segment especially the FPSO sub-segment, we are seeing slow recovery with only minimal growth and limited projects awarded.

The world is moving towards cleaner, renewable energy sources, which is reducing demand for oil and gas. This is a major challenge for the industry, as declining demand could lead to lower revenue and reduced profitability. With a decrease in demand for oil and gas, there may be increased competition among contractors for available projects, which could lead to lower margins and reduced profitability.

In particular, we expect competition in the fixed offshore facility segment to intensify in 2023 due to the large number of qualified fabricators internationally combined with an increasing percentage of local content requirements. This is especially true for medium to small size WHPs. To meet these stringent requirements, MHB has strategically partnered with other industry players to leverage on each other's expertise.

On top of that, there will be increased demand for contractors who specialise in building wind energy projects. Notably, commercialised wind farm projects comprising of multiple Wind turbine Generators. The 'Design One Build Many' concept is relevant for these multiple quantities as serial production which MHB has expertise in. This concept also applies to Wind turbine Generator (WTG) foundations that is one of MHB's area of focus apart from construction of the offshore substation.

Governments around the world are implementing stricter regulations on the production and use of fossil fuels, with the aim of reducing GHG emissions and mitigating climate change. This is likely to increase the costs of production for oil and gas companies. As well as that the oil and gas industry is ramping up their investments in technology and innovation to improve efficiency and reduce costs, this is creating new opportunities for contractors that can offer solutions that can help oil and gas companies to operate more effectively and sustainably. With a host of MoUs under our belt, we can leverage on our partners' proprietary technologies and established marketing network to generate strong future business value and outcomes.

HEAVY ENGINEERING

As the oil and gas industry looks to improve efficiency and reduce costs, contractors who can offer solutions that help their clients to operate more effectively and sustainably will be in high demand. With our concepts of 'Design One Build Many' for wind farms as well as 'Fit-for-Purpose' for offshore platforms, we are well placed to offer clients with value-added solutions.

Bearing in mind these complex factors, we have outlined our focused strategy to generate growth in the year ahead as follows:

- Continue to establish strategic partnership to grow our position internationally
- Further develop our track record in managing full scope EPCIC projects as the main contractor while continuing to tender as EPC main contractor/subcontractor
- Enhancing estimation and benchmarking by improving tendering process and competitive capabilities
- Continue seeking out new partnerships that will allow us to penetrate new markets and businesses. These potential partners who are experts in their own field who will complement us in providing a total solution to customers
- Leveraging agent in Taiwan, one of the most active countries commissioning offshore wind farm projects in Asia to expand our OWF footprint

Human Capital

Heavy Engineering Business

Overall



Business Position



Technical Position



Total Man-days of Training and Development



Total Man-hours of Training and Development



■ Male ■ Female

Heavy Engineering Operations

Overall



Business Position



Technical Position



Total Man-days of Training and Development



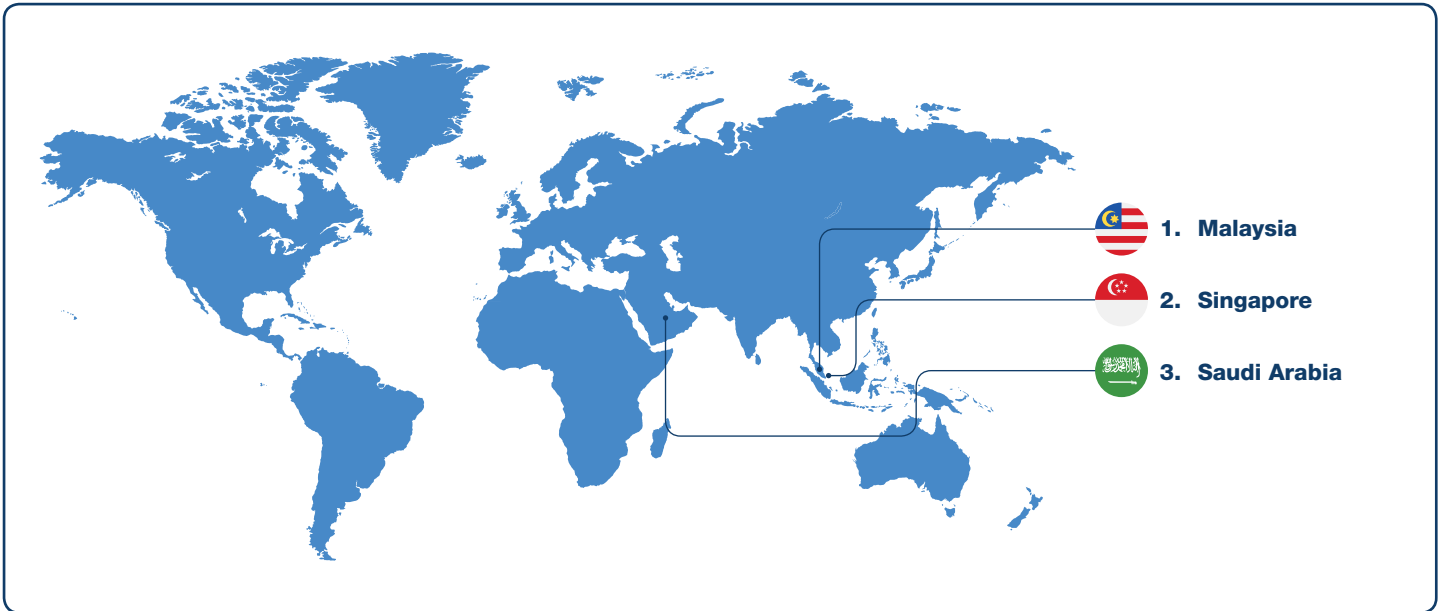
Total Man-hours of Training and Development



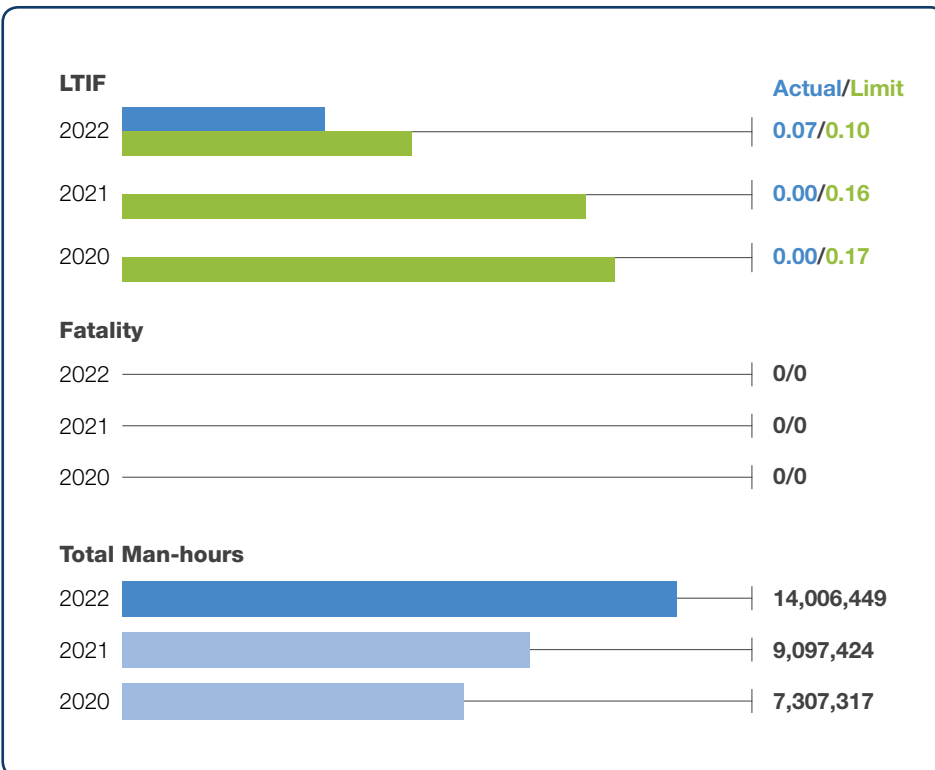
■ Male ■ Female

HEAVY ENGINEERING

Our Operating Business Location



Health & Safety Performance



PROJECT HIGHLIGHTS

4 In-Progress projects in 2022

- 1 EPCIC works for the Kasawari Gas Development Project
- 2 EPCIC works for SK408W Jerun Development Project
- 3 EPC works for the Rosmari-Marjoram Gas Project
- 4 EPCIC Alliance for the Kasawari CCS Project

An icon depicting a magnifying glass over a gear, with a building and a plus sign, symbolizing project management and engineering.

MARINE



SERVICE PORTFOLIO
CLOSE TO
4,000
MARINE REPAIR PROJECTS

MHB's THREE DRY DOCKS
ARE AMONGST
THE LARGEST
DRY DOCKS IN
SOUTHEAST ASIA



MARINE

As one of MHB's core businesses, the Marine segment provides a spectrum of services for the maritime sector. Unlike other shipyards, MHB's business and expertise is a combination of marine, offshore and onshore engineering, fabrication/ construction, repairs, conversion, upgrading and commissioning all managed at our shipyard in Johor, Malaysia. Today, MHB is recognised as a regional heavy engineering and deepwater support services provider for the oil and gas deepwater industry as well as a key player for LNG carrier (LNGC) repair and dry docking. MHB is also a one-stop centre for conversion.

Our services consist of dry docking repair, refurbishment and upgrading, afloat repair, conversion, modification, life extension, retrofitting and other typical shipyard works for merchant vessels such as LNGCs, VLCCs, product & chemical tankers, bulkers, container vessels, general cargoes vessels as well as floaters such as FPSOs, FSOs, FSRUs, FSUs and MOPUs. On top of that, we provide remote maintenance for LNG floaters at offshore locations, such as cargo tank integrity tests, inspections and maintenance. Our services also include jumboisation, modification and lengthening, conversion and jack-up/semi-submersible rigs repair and conversion.

MHB's service portfolio is now close to 4,000 marine repair projects including conversions, life extensions and upgrading solutions since 1976. We have delivered more than 200 LNGCs, including 10 projects for major upgrading and life extension works. Our ability to consistently deliver according to the highest industry standards has earned us the reputation as one of the region's most technically and commercially competitive shipyards. We have sharpened our competitive edge by offering cost-competitive services compared to our competitors with inclusive of non-yard services and other amenities.

MHB's three dry docks are amongst the largest dry docks in Southeast Asia. Our 150 hectare shipyard is the largest in both Malaysia and Singapore, and comes equipped with various types of storage areas which fulfil all storage requirements. Depending on the requirements, we can provide open storage areas, closed storage areas as well as fully air-conditioned closed storage areas for the storage of sensitive equipment and spare parts.

Our operations are driven by a highly skilled and professional workforce with the majority of our project managers and team personnel possessing the technical skills industry certifications. Our certified ex-LNGC Chief Engineers are well versed with the operation of various type of LNGCs. Our people practise a hands-on approach to all projects, with day-to-day coordination of works and management of critical path of the projects professionally managed and delivered.

MHB is the only shipyard listed in the Gaztransport & Technigaz SA (GTT) website as the Company that is referenced by GTT - which has developed an active policy to provide technical assistance to LNGCs all over the world - for the provision of testing services for LNGCs in service. This has presented MHB with huge cost savings which we can pass on to our clients that, work does not need to be outsourced since MMHE is certified by GTT to conduct jobs through our own facilities and skilled workers. A 1,062 sqm cryogenic workshop is located on our premises for the repair of cryogenic equipment and devices, amplifying our capability to provide high-quality services. The reputation of our cryogenic containment system (CCS) team has given us a strong competitive advantage against industry peers, especially amongst LNGC business clients.

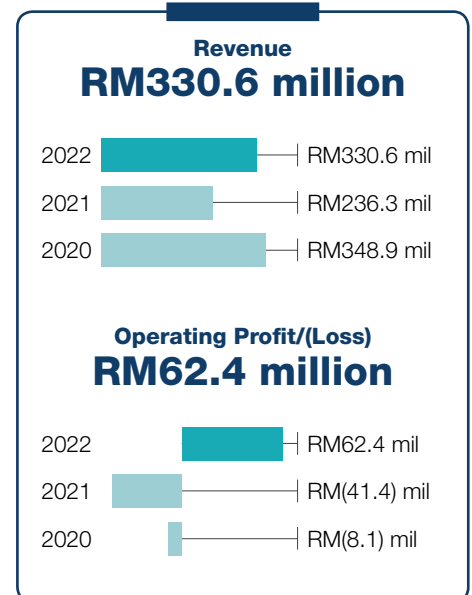
Our strategic location near Johor Port in the southern tip of Peninsular Malaysia makes the most of the East-West maritime trading route for commodities and energy transportation.

Coupled with that is our proximity to the PETRONAS' Regasification Terminal in Pengerang (RGTP), Johor which makes it convenient for LNGCs to undergo gassing up and cooling down operations.

We have strong market share within both the domestic and international segments. Our market sustainability and expansion efforts are supported by 14 exclusive agents, who represent MHB in international markets to support us in the marketing activities we have developed in line with our business agenda and strategies.

We continuously reach out to potential new clients and markets through networking events and activities conducted with players from the global maritime and energy transportation industry. This is done through regular physical and virtual engagement sessions and the publication of digital and non-digital publications on various platforms and media channels. MHB also actively takes part in maritime exhibitions, events and trade expositions to create brand exposure and awareness throughout the global maritime industry.

PERFORMANCE HIGHLIGHTS



MARINE

KEY HIGHLIGHTS 2022

Secured high volume orders from existing client base

2022 has seen us coming through on securing further orders from our existing customers. This was driven by our strong track record of providing excellent project delivery and maintaining continuous engagements with our clients to proactively answer their needs and demands. In 2022, we secured six en bloc/framework agreements consisting of various vessels. As well as that, we retained 28 existing clients with 58 projects with total contract value of RM168.2 million from Brunei, Norway, Korea, Japan, Greece, Taiwan, Thailand, United Kingdom, Singapore and Malaysia.

22 LNGCs

14 VLCCs

9 Bulkiers

Expanded our market reach by securing new customers

In 2022, the reopening of international borders of Malaysia enabled the Marine segment to bring in international technical specialists to support our projects. We capitalised on this and secured 41 new clients with 53 projects with total contract value of RM113.7 million. We also expanded our market footprint with these new clients who hail from United Kingdom, Singapore, Australia, India, the Netherlands, Cyprus, Brunei, Japan, China, USA, UAE, Korea, Belgium, Denmark, Hong Kong and Malaysia.

SECURED **41** NEW CLIENTS
WITH TOTAL CONTRACT VALUE OF
RM113.7 MILLION



Expanding service portfolio

The Marine segment is expanding our portfolio by securing and performing LNG floater offshore services for LNG FSU and FLNG units which includes providing cryogenic tank global tests, tank inspections and other cryogenic equipment services. In the long run, the expansion of our business portfolio will augment our revenue streams as well as provide security for our business continuity. On top of that, it will build our market reputation in the realm of LNG maintenance work for LNGCs and complex floater works offshore. Specifically, we secured modification work for an LNG FSRU from Norway with estimated arrival date at our MMHE West yard end of March 2023. This will be MHB's first FSRU related project since our establishment and will form a good stepping stone for our venture into gas floater conversion projects.

SECURED OUR **1ST**
MODIFICATION WORK
FOR AN LNG FSRU FROM NORWAY



Enhanced our capability to support the decarbonisation of the shipping industry

As of 1 January 2023, the International Maritime Organisation (IMO) has brought into force the Energy Efficiency Existing Ship Index (EEXI) to measure the energy efficiency of ships and the Carbon Intensity Indicator (CII) for the collection and reporting of data of annual carbon intensity. These two new regulations were developed under the framework of the initial IMO Strategy on reduction of GHG emissions from ships agreed in 2018 with the aim of requiring seaborne vessels to improve their energy efficiency and thereby reduce their GHG emissions.

These new mandatory requirements have led to the Marine segment fielding more interest from shipowners who require vessel retrofits to ensure compliance with EEXI and CII. To ensure that we can deliver according to clients' needs, in 2022 we entered into two key partnerships which has enhanced our capability to support the decarbonisation of the shipping sector.

In March 2022, we signed a strategic agreement with maritime clean technology company, Silverstream Technologies. The partnership will facilitate retrofit opportunities for Silverstream's market-leading air lubrication technology – the Silverstream® System – as well as collaboration, information and knowledge sharing between the two companies.

MARINE

As part of the agreement, the two organisations will perform joint promotion of the Silverstream® System and other complementary products and services, where MHB is the approved installation provider of the air lubrication system. The collaboration will also see Silverstream providing technical and commercial support to assist MHB in securing contracts, including the provision of initial efficiency saving estimates and system design information on proposed installations.

Later in June 2022, we entered into a strategic agreement with Bureau Veritas (BV) Solutions Marine & Offshore (M&O) to support industry-wide efforts to progress shipping’s decarbonisation. This partnership offers vessel owners and operators a wide range of vessel improvement opportunities and services. These services are targeted to increase vessel performance, thus enhancing energy efficiency of vessels and contributing to the reduction of their carbon emissions. The collaboration also offers vessel improvement services and related services for EEXI and CII compliance.

Supporting shipowners with their decarbonisation efforts via:



- 1 Partnership with Silverstream Technologies for its market-leading air lubrication technology**
- 2 Partnership with Bureau Veritas to retrofit ships for EEXI and CII compliance**

Obtained certification from The American Society of Mechanical Engineers (ASME)

During the year, MHB, through MMHE, obtained certification from ASME for manufacturing U, U2 and R stamp coded Pressure Vessels. The certification signifies our efforts in venturing into new business markets within the manufacturing and repair of vessels. It is aligned with our goal of providing global-level safety management to our clients.

OBTAINED ASME CERTIFICATION FOR MANUFACTURING U, U2 AND R STAMP CODED PRESSURE VESSELS



Completed feasibility study on Robotic Blasting

During the year, we completed the feasibility study on robotic blasting of ship hulls, as a replacement of traditional manual blasting methods. The feasibility study was approved by the Board of Directors in November 2022 and implementation will be carried out starting 2023.

By using automation in our yards, we can improve the efficiency and speed of our work as well as protect our workers from potential health hazards and physical danger associated with manual blasting. On top of that, the automated blasting system uses less abrasive material than manual blasting, thus reducing the overall environmental impact of the process. Overall, robotic blasting provides a safer, more efficient and sustainable solution for ship hull cleaning and maintenance.

COMPLETED FEASIBILITY STUDY ON ROBOTIC BLASTING, WITH A VIEW TO IMPLEMENT IN 2023




Increased berthing facilities to enhance our capacity to take on jobs

Towards increasing the ratio of available dry docks against existing quays, in 2022 we increased our berthing facilities. This will enable us to generate additional capacity for upcoming vessels which include normal repair works, conversion and afloat repair works, thus boosting our future revenue.

This will enable us to take on more jobs, which will further add to our revenue and future profitability. We have completed works on increasing berthing facilities in Quay 1, while upgrading works are currently ongoing at Quay 7 and West Finger Pier. For the latter, we are awaiting approval from the relevant authorities. The Certification of Completion and Compliance (CCC) is expected in first quarter of 2023.

INCREASED BERTHING FACILITIES IN QUAY 1, AND ONGOING WORKS AT QUAY 7 AND WEST FINGER PIER



MARINE

Enhanced marketing and promotional activities

Towards increasing our number of bids and exploring opportunities in existing markets as well as new regions, in 2022 MHB has stepped up on our marketing and promotional efforts.

- Virtual engagements via digital platforms especially with customers from international segment
- Publications and marketing advertisements in various digital media channels such as World Ship Repair Yard Guidebook / Daily Kaiji Press, Shiprepair & Maintenance Magazine Q4 2022 by The Royal Institution of Naval Architects (RINA), Ship and Offshore Repair Journal (SORJ), Ship Repair Newsletter (SRN) and several other publications
- Physical business engagement activities within second half of year 2022 in Japan, United Kingdom, Germany, Singapore, Malaysia and Cyprus

RISKS & OPPORTUNITIES

| Challenges / Risks | Mitigation Strategies | Results |
|---|---|--|
| <p>1 Inability to perform business engagement activities with clients for the past two years during the pandemic had resulted in the shrinking of our market share</p> | <ul style="list-style-type: none"> • Virtual engagements conducted via digital platforms • Publications and marketing advertisements on various digital media channel • Monitor closely exclusive agents' engagement activities with existing and potential clients within their respective assigned areas | <ul style="list-style-type: none"> • 75% increase in total contract value for MMHE's shiprepair, maintenance and conversion business from RM160.4 million in 2021 to RM281.9 million in 2022 • Secured 41 new clients with 53 projects with total contract value of RM113.7 million • Retained 28 existing clients with 58 projects with a total contract value of RM168.2 million • Secured 6 en bloc / Framework Agreements consisting of multiple LNGCs, 14 VLCCs, 9 bulkers and other types of vessels |
| <p>2 Although Malaysia's borders fully re-opened to foreign travellers since 1 April 2022, the categorisation of Malaysia as a Level 1-3 country under Japan's restrictions translate into Japan's Ministry of Foreign Affairs (MOFA) deterring our Japanese customers and foreign technical experts to conduct business in Malaysia</p> | <ul style="list-style-type: none"> • Active engagement with various stakeholders including our Malaysian Embassy in Japan and also the Japanese MOFA in requesting the foreign law enforcers and foreign government authority to amend the travelling restriction status of Malaysia from Level 3 to Level 2 of which will give clearances for Japanese technical experts, specialists, technical managers and manufacturer representatives to travel to Malaysia for performing services and/or works | <ul style="list-style-type: none"> • Critical technical experts from Japan able to conveniently travel to Malaysia for various specialised works on vessels especially on main steam turbine propulsion control, instrumentation work, main boiler repairs and other critical works • A total of 48 Japanese nationals entered MMHE yards in 2022 for marine repair related projects |

MARINE

| Challenges / Risks | Mitigation Strategies | Results |
|---|---|--|
| <p>3 Enforcement of EEXI and CII on 1 Jan 2023 necessitates the evolution in technology innovation on modern vessels and floaters. This requires MHB to keep pace with the newest technologies and gaining know-how by upskilling our workforce to be at par with other reputable yards</p> | <ul style="list-style-type: none"> Established strategic partnership agreements to capture opportunities in retrofitting vessels with new technologies Engaged with potential partners on suitable technologies to reduce vessel emissions, including prominent engine makers | <ul style="list-style-type: none"> MoU / strategic partnership agreements signed in 2022: <ul style="list-style-type: none"> Silverstream Technologies for Air Lubrication System Bureau Veritas for Bulbous Bow Retrofit and Hull Improvements Equipped our workforce with new capabilities and skills for engine repairs |
| <p>4 Constraints on global resources are impacting productivity and performance in terms of quality and timely delivery of projects. There are also continued challenges on the expansion and development of our resource pool (including subcontractors) to meet recovering demand in repair and retrofitting works</p> | <ul style="list-style-type: none"> Engaged with manpower supply contractor to source for new workers Applied to government authorities for foreign manpower allocation Conducted an annual market outlook to forecast the required manpower for the whole year. The outlook will be refined once projects are secured and the scope of work is available Continuously refined the process of capturing actual manpower mobilised on a daily basis Launched three initiatives to improve the productivity of our workforce as follows: <ul style="list-style-type: none"> Time keeping enforcement where a team of enforcers monitor the work area to ensure personnel's adherence to working time Hiring security to guard the embarkation point (gang way) where whoever wishes to exit the work area or vessel must fill the exit form signed by Project Managers. The Logbook is also required to be filled by those who are late entering the work area Ban on mobile phone use within the work area | <ul style="list-style-type: none"> Employed 180 - 220 new workers Obtained 300 headcount allocation (150 for marine segment and 150 for heavy engineering segment) Marine segment team travelled to Bangladesh conduct interviews and employed 120 out of the 150 headcount allocated. In 2023, we secured another 350 headcount allocation and the marine segment team travelled to Bangladesh and Nepal to conduct interviews as well as Pakistan to complete the interview tour Began conducting tender briefings for special retrofitting projects, where the resources will come from outside our repair pool |

FUTURE PLANS

As we step into 2023, we are cognisant of challenges that lie ahead. The European Union (EU) ban on Russian oil which came into force on 5 December 2022, followed by a refined products ban on 5 February 2023, may lead to a decline in Russian oil supply. Should insurance and shipping firms refrain from providing transportation services for Russian energy products above the agreed-upon cap by the G7, international energy supply will automatically be curtailed, and global trade patterns will shift.

Several governing factors such as the ongoing worldwide labour shortage, global supply chain disruptions, emergence of LNG-capable repair yards,

geopolitical instability as well as the returning of Chinese shipyards and fabricators into the market after the prolonged COVID-19 lockdowns may directly dictate the outcome of our performance in 2023. Although Malaysia's border entry restrictions have tended to become more flexible to support the national's economy recovery plan, our business activities specifically with the shiprepair and floater conversion will nonetheless may be impacted by the aforementioned events. The CII and EEXI which have entered into force in January 2023 are designed to accelerate the greening of the global fleets. It is likely that many of the existing older ships will not be able to meet the IMO's EEXI and CII criteria hence may well have to be phased out. In the past, shipowners have scrapped their existing vessels and approached yards to commission latest generation of newbuild vessels, to be fully compliant with the latest guidelines and regulations.

MARINE

The new regulations require MHB to maintain our momentum in gaining know-how and skills in evolving technologies that are designed to reduce vessels' GHG emissions in order to retain our market competitiveness. With the phasing out of older hull and steam turbine vessels accelerating at the end of 2022, this may reduce the Marine segment's revenue projections on LNGCs especially for older vessels. Conversely, both the EEXI and CII requirements may offer us opportunities in retrofitting new technologies on older turbine-driven and less efficient vessels. By capturing opportunities in this area, we will be able to drive our future growths.

Our plans for 2023 are focused on increasing the number of projects secured and to improve asset utilisation by sustaining our current market shares. At the same time, we plan to further continue the identification of projects prioritisation by focusing on high value works. In line with this, we have been conducting several business engagement activities to increase our number of bids and also to explore new regions.

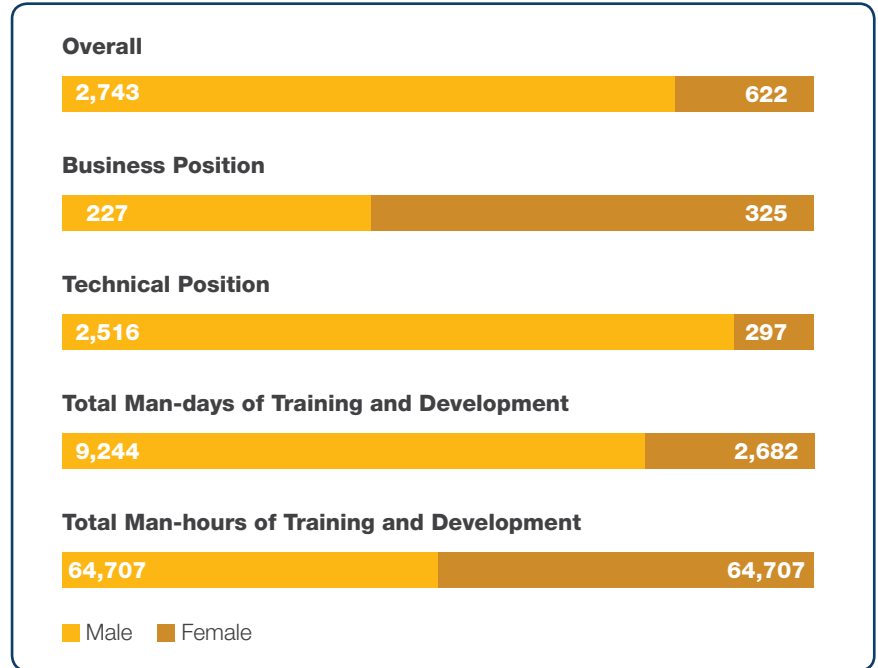
On top of this, we are planning to venture into selective shipbuilding activities as an add-on revenue stream on top of our existing revenue streams from ship repairs and conversions. We will continue establishing our resources and asset readiness for the new business segment of selective shipbuilding construction of offshore supply vessels and tugboats.

We will also progress with our works on increasing our berthing facilities and adaptation of automation into our portfolio such as robotic blasters. Yard optimisation and manpower readiness are other important areas of focus for the years ahead as we further develop our yard-specialist partnerships.

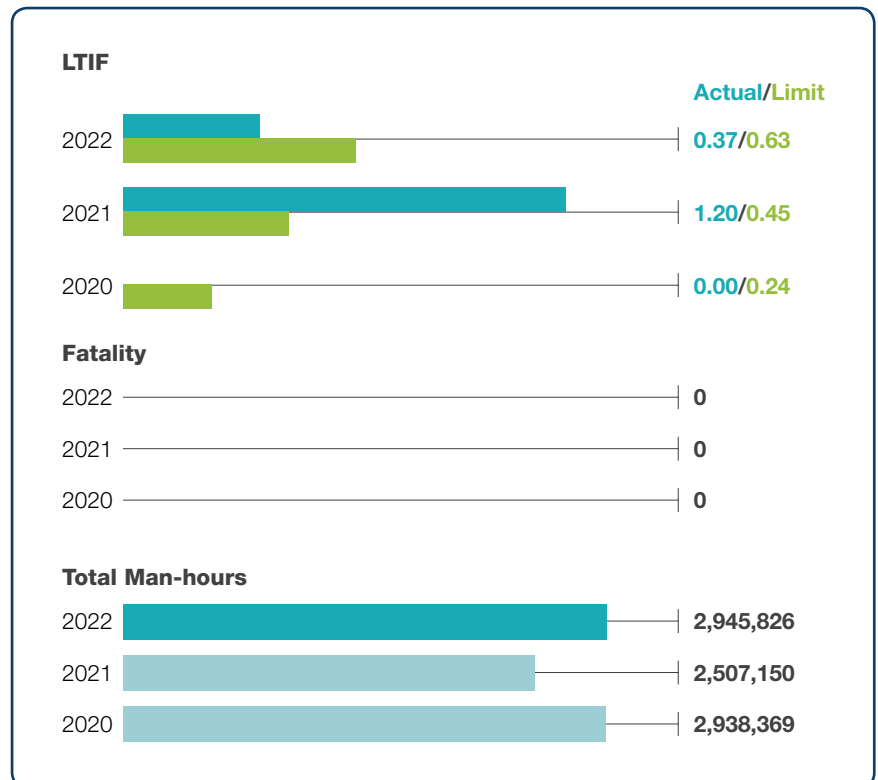
With the aim of becoming a one-stop service hub catering to the decarbonisation agenda, MHB is also progressing with driving several initiatives by continuing engagements with several Industry-Leading technologist and specialists in providing advisory and potential green technology upgrading/retrofit services for vessels in accordance with EEXI/CII requirements as well as exploring related carbon capture and storage initiatives.

Additionally, we are planning to continue expanding our capability to deliver new projects outside our yards by targeting LNG floaters (FSE/FLNG) maintenance and services.

Human Capital



HSE Performance




MARINE

PROJECT HIGHLIGHTS



Clients in 2022:
28 existing clients with
58 projects awarded

41 new clients with
53 projects awarded



Projects in 2022:
No. of projects delivered in 2022: 87
87 **11** **76**
Vessels in Total **LNG Carriers** **Non-LNG Carriers**

No. of ongoing projects: 8

OUR KEY PROJECTS IN 2022



SEAPEAK METHANE

First vessel sent to MHB under a five-year Framework Agreement with Seapeak Maritime Limited (formerly known as Teekay Shipping Limited) for repair and Ballast Water Management system retrofitting works. Seapeak is one of the largest independent owner / operators of Gas vessels, with ownership interests in 74 LNG/ LPG vessels and a regasification terminal.



SK AUDACE

First LNGC sent to MHB under a two-year Memorandum of Agreement for 2022 and 2023. SK Shipping is currently the largest LNG shipping company in Korea and operating four types of cargo containment systems including Moss, Membrane (Mark III, NO96-GT) and KC-1 (Korean LNG cargo hold).



WHITE MOON

Third tanker sent to MHB under a one-year en bloc Agreement with Zodiac Maritime Limited. The vessel underwent Second Special Survey works and Ballast Water Management System installation. Zodiac Maritime Ltd is an international ship management company as well as one of the world's largest shipowners with 153 in-commission vessel fleet and another 26 newbuilds.



KD PAHANG

First Royal Malaysian Navy (RMN) Petrol Vessel (Class PV) sent to MHB for docking essential defect (DED) works in 2022. KD Pahang is currently one of six PV vessels from RMN serving the East Coast of Malaysia. The work scope involved major overhauling for the port and starboard gearboxes which required shipside opening (steel work) to allow the removal of two units of gearboxes from the vessel. Besides the gearbox, there were also other machinery and electrical works.

PLANT TURNAROUND & SHUTDOWN MAINTENANCE



ZERO LTI IN WORKS
PERFORMED FOR KNM WITH
TOTAL MAN-HOURS OF
31,480 hours

OBTAINED PLANT
TURNAROUND CONTRACT
FROM
**KL-Kepong Oleomas
Sdn Bhd**

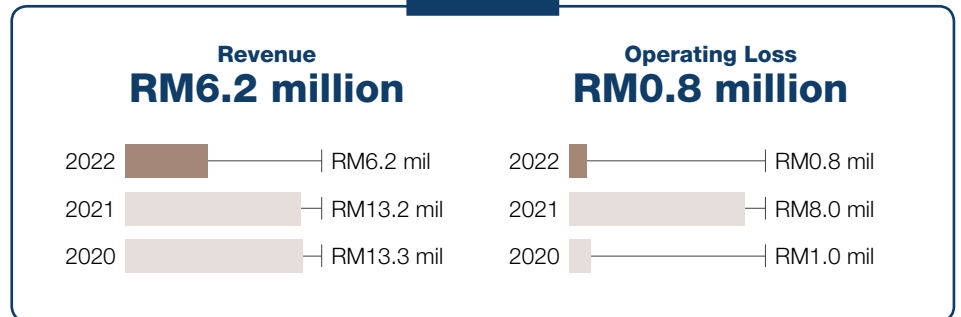


PLANT TURNAROUND & SHUTDOWN MAINTENANCE

In 2017, MHB embarked on diversifying our business by establishing the Plant Turnaround & Shutdown Maintenance (PTSM) business segment and obtained the PETRONAS SWEC Code for turnaround in the same year. The following year in 2018, we worked on several key projects, namely the PETRONAS Gas Berhad Gas Transmission and Regasification (PGB-GTR) shutdown, Lotte Chemical maintenance and PETRONAS (PLISB) annual maintenance. In 2019, we were awarded the PETRONAS Master Service Agreement for Integrated Turnaround Main Mechanical and Maintenance Mechanical Static (TA4MS) in collaboration with Hiap Seng Engineering Limited (HSEL) and are currently assigned to Malaysia Refining Company Sdn Bhd (MRCSB). Following our initial success in this space, in 2020 we established our special purpose company, MHS Integrated Engineering Sdn Bhd (MHS) to undertake works in this segment.

We provide a wide range of mechanical maintenance services and minor engineering, procurement, fabrication and installation services for the onshore oil and gas industry. Among the services we perform are piping fabrication and installation; mechanical static equipment cleaning; rotating equipment/machinery maintenance and overhaul; refractory repair and installation services; onsite flange facing and control bolting; catalyst loading/unloading handling; and chemical cleaning. Our main revenue drivers are services conducted for plants such as oil and gas refineries and petrochemical and power plants.

PERFORMANCE HIGHLIGHTS



KEY HIGHLIGHTS 2022

Embarked on partnership with Boiler Master

In June 2022, due to HSEL ceasing its operations in Malaysia we dissolved our partnership with HSEL namely MHS. Since then, MHB has been seeking out a suitable and reliable partner to ensure all the works can be completed. In line with this, in June 2022 MHB started working together with Boiler Master to continue executing current contract. MHB and Boiler Master officialised the partnership with the establishment of MB Solutions on 17 November 2022.

Obtained PETRONAS Master Service Agreement for Integrated TA4MS

In December 2022, MHB in collaboration with Boiler Master Sdn Bhd (BMSB) was given the Letter Of Appointment (LOA) for the PETRONAS Master Service Agreement for Integrated TA4MS and we are currently assigned to MRCSB. MB Solutions was formed to execute this contract in providing a wide range of mechanical maintenance services and minor engineering, procurement, fabrication and installation services for the onshore oil & gas industry. Besides that, MBS will be an operation unit for all contracts awarded to MHB. During the year we successfully conducted plant turnaround at MRCSB for Portable Boiler Services.

- **Obtained LOA for PETRONAS Master Service Agreement for TA4MS**
- **Set up MBS to execute projects**
- **Provided Portable Boiler Services for MRCSB turnaround**

Awarded first non-PETRONAS contract

In line with our efforts to explore opportunities to pursue non-O&G and non-PETRONAS clients, in 2022 we were awarded our first ever non-PETRONAS turnaround project with Kuala Lumpur Kepong Berhad (KLK) subsidiary KLK OLEO. KLK OLEO is a global oleochemical producer, which has integrated complexes located strategically in Malaysia, Indonesia, China and Europe. Our ability to secure the project represents a significant step forward in our bid to expand the PTSM business. We were able to successfully completed turnaround at KLK OLEO plant in Pulau Indah, Klang, Selangor.



**OBTAINED PLANT TURNAROUND CONTRACT FROM
KLK OLEO**

PLANT TURNAROUND & SHUTDOWN MAINTENANCE

Provided excellent services to customers

During the year, we continued to provide high quality plant turnaround and maintenance services for our clients from a range of industries. These included Newwin Engineering (M) Sdn Bhd which provides turnaround, mechanical and maintenance and fabrication services for the oil and gas industry. Another client was KNM Process Systems Sdn Bhd, a wholly owned subsidiary of KNM Group Berhad with businesses ranging from process plants, modules and equipment manufacturing to turnkey systems provider and plant operation and maintenance services. We also provided services to Idemitsu Styrene Monomer (ISM) Sdn Bhd. ISM is owned by Petrochemicals (Malaysia) Sdn Bhd, the first polystyrene producer in ASEAN and is a subsidiary of Idemitsu Kosan Co Ltd, Japan. Established in 1972, the Company is one of the leading polystyrene players in the region.

On top of that, we also provided services to ST Power Sdn Bhd for blind fabrication works.



RISKS & OPPORTUNITIES

| Challenges / Risks | Mitigation Strategies | Results |
|---|--|---|
| 1 Inability to identify new partner could reduce our ability to provide customers a value add proposition | <ul style="list-style-type: none"> Identified service provider and qualified deliver on PETRONAS requirements | <ul style="list-style-type: none"> Unincorporated JV with Boiler Master in March 2022 for PETRONAS Turnaround Main Mechanical And Maintenance Mechanical Static (MSA TA4MS) contract |
| 2 Need to enhance staff competency in line with customer requirements | <ul style="list-style-type: none"> Conducted technical training for staff | <ul style="list-style-type: none"> Training in 2022 included forklift training, hydrojetting training and confined space training |

FUTURE PLANS

Bearing in mind market uncertainties, our future focus in 2023 is as follows:

Enhance our capabilities

Towards enhancing our capabilities, we plan to increase our turnaround man-hours in order to upgrade our SWEC Code Tier 2 to become Tier 1. Our efforts will also expand our experience and enable us to fulfil the TA4MS contract requirements. This will also strengthen our value proposition in the marketplace and distinguish ourselves from others.

Expand our customer base by seeking out non-PETRONAS opportunities

To strengthen our revenue stream, we plan to pursue opportunities providing similar PTSM services to other plants beside MRCSE.

Explore plant maintenance & turnaround in the non-oil and gas sector

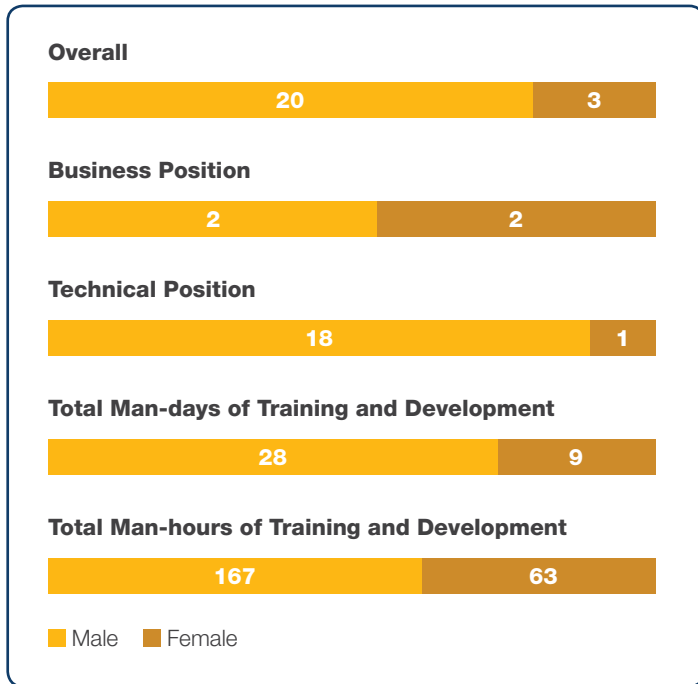
With the aim of diversifying our revenue streams, we plan to explore opportunities for plant turnaround and maintenance in other sectors such as power plants and oleochemical plants. Leveraging on our existing relationship with PETRONAS, we will look at opportunities to provide services for PETRONAS' non-chemical and oleochemical facilities.

Continue building our track record and credibility in turnaround

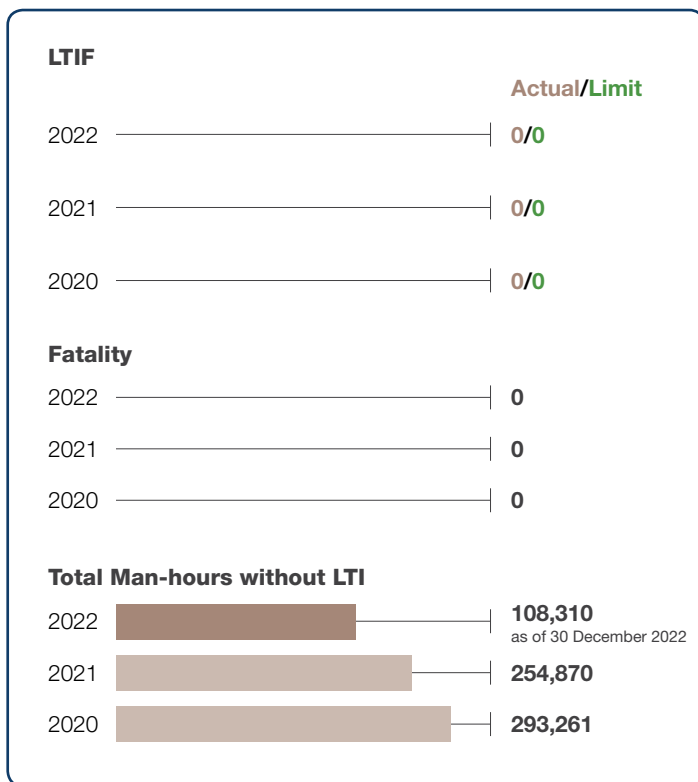
We will maintain our focus on the PETRONAS MSA TA4MS contract and deliver according to the highest quality, in order to exceed customer expectations. Our focused efforts on this front will enable us to build our track record in plant turnaround and maintenance and add new customers to our books in the near future.

PLANT TURNAROUND & SHUTDOWN MAINTENANCE

Human Capital



HSE Performance



- Zero LTI for KNM project awarded for total man-hours of **31,480**
- Daily maintenance man-hours from 2018 – 2022 **704,355**
- Turnaround man-hours in 2022 **504,590**
- Cumulative man-hours from 2018 – 2022 **1,312,665**

PROJECT HIGHLIGHTS

Projects in 2022:

9 projects delivered in 2022

OUR KEY PROJECTS IN 2022

- Sub out balance fabrication work for SK2 Column 0032**
Client: KNM Process Systems Sdn Bhd
- Fabrication and installation of underground piping fire**
Client: Idemitsu SM (Malaysia) Sdn Bhd
- Blind fabrication works**
Client: ST Power
- Portable boilers services**
Client: Malaysian Refining Company Sdn Bhd (MRCSB)
- Hot work activity on structural**
Client: BASF PETRONAS Chemicals Sdn Bhd
- Annual plant turnaround static equipment mechanical works**
Client: KL-Kepong Oleomas Sdn Bhd