

LEADERSHIP

Profiles of the Board of Directors

MOHAMMAD SUHAIMI MOHD YASIN

Chairman/Independent Non-Executive Director

Nationality	Malaysian
Age	64
Gender	Male
Date of Appointment	16 October 2023
Length of Service (as at 16 February 2024)	4 months
Number of Board Meetings Attended in 2023	2 out of 2



Academic/Professional Qualifications

- Master of Business Administration, Saint Louis University, USA
- Bachelor of Science (Accounting), Indiana State University, USA
- Diploma in Accountancy, Mara Institute of Technology, Malaysia

Skills and Experience

- Finance
- Audit
- Risk Management
- Corporate Planning
- Marketing
- Corporate Governance
- Procurement
- Project Management
- Oil and Gas and Renewable Energy

Present Directorships

- LISTED ISSUERS:
- MISC Berhad
 - Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- NIL

Present Appointments

- Independent Non-Executive Director, MISC Berhad
- Member, Board Audit Committee, MISC Berhad
- Member, Board Sustainability and Risk Committee, MISC Berhad
- Advisor, SC Tubular Solutions Malaysia Sdn Bhd

Past Experience

- Independent Non-Executive Director, Alam Maritim Resources Berhad
- Chairman, Risk Management Committee, Alam Maritim Resources Berhad
- Member, Audit Committee, Alam Maritim Resources Berhad
- Member, Nomination and Remuneration Committee, Alam Maritim Resources Berhad
- Senior General Manager, Project Procurement Management Department, Technology and Engineering Division, PETRONAS

- Senior General Manager, Corporate Services, PETRONAS Carigali Sdn Bhd
- Senior General Manager, Group Supply Chain Management Department, PETRONAS
- Senior General Manager, Group Tenders and Contracts Division, PETRONAS
- General Manager, Commercial Division, Malaysia LNG Sdn Bhd
- Managing Director/CEO, MITCO Japan Sdn Bhd & PETRONAS Country Manager, Yokohama, Japan
- Executive Assistant to President, PETRONAS
- Deputy General Manager, Commercial, Malaysia LNG Tiga Sdn Bhd
- Senior Manager, Marketing Department, Malaysia LNG Tiga Sdn Bhd
- Manager, Finance and Services, Malaysia LNG Dua Sdn Bhd
- Project Accountant, PETRONAS LNG Dua Project
- Accounts Officer, Binaraya PKINK Sdn Bhd

Profiles of the Board of Directors

GLADYS LEONG

Senior Independent Non-Executive Director

Nationality	Malaysian
Age	63
Gender	Female
Date of Appointment	22 April 2022 Senior Independent Non-Executive Director
	15 September 2020 Independent Non-Executive Director
Length of Service (as at 16 February 2024)	3 years 5 months
Number of Board Meetings Attended in 2023	12 out of 12



Academic/Professional Qualifications

- Member, Malaysian Institute of Certified Public Accountants (MICPA)
- Member, Malaysian Institute of Accountants (MIA)
- Member, Institute of Internal Auditors (IIA), Malaysia

Skills and Experience

- Finance
- Accounts
- Audit
- Procurement
- Risk Management
- Operations
- Corporate Governance
- Project Management

Present Directorships

- LISTED ISSUERS:
- Malaysia Marine and Heavy Engineering Holdings Berhad
 - Public Bank Berhad

OTHER PUBLIC COMPANY:

- Public Mutual Berhad

Board Committee Membership

- Chairman of Board Audit Committee
- Members of Nomination and Remuneration Committee

Present Appointments

- Member, Nomination and Remuneration Committee, Public Bank Berhad
- Member, Risk Management Committee, Public Bank Berhad
- Member, Compliance Committee, Public Bank Berhad

Past Experience

- Partner, Ernst & Young (EY)
- Partner, Arthur Andersen
- Manager, Hanafiah Raslan & Mohamad

OTHER RESPONSIBILITIES:

- Asia Pacific Advisory Chief Operating Officer, EY
- ASEAN Advisory Chief Operating Officer, EY
- Chief Financial Officer, EY Malaysia

LEADERSHIP

Profiles of the Board of Directors

KEITH TAYLOR

Independent Non-Executive Director



Nationality	British
Age	72
Gender	Male
Date of Appointment	1 June 2019
Length of Service (as at 16 February 2024)	4 years 7 months
Number of Board Meetings Attended in 2023	12 out of 12

Academic/Professional Qualifications

- Higher National Certificate Business Studies, United Kingdom

Skills and Experience

- Oil and Gas and Renewable Energy
- Operations
- Procurement
- Corporate Planning and Development
- Risk Management
- Commercial/Marketing
- Project Management
- Finance
- Audit
- Engineering
- Human Resource

Present Directorships

LISTED ISSUERS:

- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- Chairman, Board Risk Committee
- Member, Board Audit Committee

Present Appointments

- Board Member, Semco Maritime A/S

Past Experience

- Director, Atlas Inexco UK Ltd
- Managing Director, Genesis Oil and Gas Consultants Ltd
- Vice President Offshore Product Line and Technology, Technip Group
- Chief Operating Officer, Onshore and Offshore Technip Asia Pacific

Profiles of the Board of Directors

WAN YUSOFF WAN HAMAT

Independent Non-Executive Director



Nationality	Malaysian
Age	71
Gender	Male
Date of Appointment	15 September 2020
Length of Service (as at 16 February 2024)	3 years 5 months
Number of Board Meetings Attended in 2023	12 out of 12

Academic/Professional Qualifications

- Honours Degree in Engineering Production, University of Birmingham, United Kingdom
- Member, Institute of Engineers, Malaysia

Skills and Experience

- Oil and Gas and Renewable Energy
- Operations
- Engineering
- Project Management
- Corporate Planning and Development
- Risk Management
- Procurement
- Human Resource
- Audit

Present Directorships

LISTED ISSUERS:

- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY :

- NIL

Board Committee Membership

- Chairman, Nomination and Remuneration Committee
- Member, Board Risk Committee

Present Appointments

- NIL

Past Experience

- Executive Project Director for PETRONAS Refinery and Petrochemical Integrated Development (RAPID) Project, Pengerang, Johor
- MD & CEO Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE)/Malaysia Marine and Heavy Engineering Holdings Berhad (MHB)
- MD & CEO of PETRONAS Penapisan (Terengganu) Sdn Bhd
- JV (Mitsubishi Corp/Exxon Chemicals) Project Director, Aromatics Complex, Kerteh Terengganu
- JV (Conoco Phillips) Engineering Manager, PETRONAS Second Refinery 2, Melaka
- Project Control Manager, PETRONAS Second Refinery 1, Melaka
- Head of Engineering, Petrochemical Department, PETRONAS
- Deputy Project Director, Terengganu Refinery Project

LEADERSHIP

Profiles of the Board of Directors

CAPTAIN RAJALINGAM SUBRAMANIAM

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment	1 January 2023
Length of Service (as at 16 February 2024)	1 year 1 months
Number of Board Meetings Attended in 2023	12 out of 12



Academic/Professional Qualifications

- Post Graduate Masters in Business Administration, Universiti Utara Malaysia
- Master's Foreign Going Certificate of Competency, Ministry of Transport Malaysia
- Professional Maritime Training, Malaysian Maritime Academy Sdn Bhd (ALAM)
- Executive Education in a Finance Programme, INSEAD Fontainebleau
- International Corporate Governance/Directors Programme, INSEAD Fontainebleau

Skills and Experience

- Corporate Governance
- Oil and Gas and Renewable Energy
- Shipping
- Finance
- Audit
- Corporate Planning
- Risk Management
- Operations
- Procurement
- Human Resource
- Commercial/Marketing

Present Directorships

LISTED ISSUERS:

- MISC Berhad
- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- NIL

Present Appointments

- President/Group Chief Executive Officer, MISC Berhad
- Board Member, various subsidiaries within the MISC Group
- Board Member, Malaysia Marine and Heavy Engineering Sdn Bhd
- Board Member, GARD Protection and Indemnity (P&I)
- Election and Governance Committee Member, GARD P&I
- Executive Committee Member, INTERTANKO
- Chair, various class committees
- Honorary Commander, Royal Malaysian Navy Reservist Programme

Past Experience

- Chief Operating Officer, MISC Berhad
- President and CEO, AET Pte Ltd
- Vice President, Fleet Management Services, MISC Berhad
- Group Vice President, AET Shipmanagement
- Winner of the 2018 Tanker Shipping and Trade Industry Leader Award
- Awarded – National Seafarers Icon 2017 – Malaysia Marine Department

Profiles of the Board of Directors

RAJA AZLAN SHAH RAJA AZWA

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	54
Gender	Male
Date of Appointment	1 January 2023
Length of Service (as at 16 February 2024)	1 year 1 month
Number of Board Meetings Attended in 2023	11 out of 12



Academic/Professional Qualifications

- Degree in Accounting and Financial Management, University of Sheffield, UK
- Certified Public Accountant (CPA), Malaysian Institute of Certified Public Accountants

Skills and Experience

- Finance
- Audit
- Corporate Governance
- Oil and Gas and Renewable Energy
- Shipping
- Risk Management
- Corporate Planning
- Procurement
- Economics
- Accounts

Present Directorships

LISTED ISSUERS:

- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- Member, Board Risk Committee

Present Appointments

- Board Member, various subsidiaries and joint venture companies within the MISC Group
- Board Member, Malaysia Marine and Heavy Engineering Sdn Bhd
- Board Member, Labuan Reinsurance (L) Ltd
- Chairman, Audit Committee, Labuan Reinsurance (L) Ltd

Past Experience

- Independent Non-Executive Director, IJN Holdings Sdn Bhd
- Chairman, Audit and Risk Management Committee, IJN Holdings Sdn Bhd
- Independent Non-Executive Director, D.B.E. Gurney Resources Berhad
- Chairman, Audit and Risk Management Committee, D.B.E. Gurney Resources Berhad

- Group Chief Executive Officer, Percon Corporation Sdn Bhd
- Executive Director, River of Life Hospital Sdn Bhd
- Head, Strategy and Innovation, Sime Darby Property
- Group Chief Executive Officer, Ramsay Sime Darby Health Care Group
- Managing Director, Sime Darby Healthcare Group
- Chief of Staff, Sime Darby Berhad
- Group Head, Strategy, Sime Darby Berhad
- Group Head, Corporate Finance and Corporate Planning, Sime Darby Berhad
- Group Head, Corporate Finance, Sime Darby Berhad
- Senior Manager, Corporate Finance, CIMB Investment Bank
- Auditor, Arthur Andersen and Co.

LEADERSHIP

Profiles of the Board of Directors

AUSMAL KARDIN

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	54
Gender	Male
Date of Appointment	3 November 2021
Length of Service (as at 16 February 2024)	2 years 3 months
Number of Board Meetings Attended in 2023	12 out of 12



Academic/Professional Qualifications

- Bachelor's Degree in Law from the University of Wales, Aberystwyth, United Kingdom
- Licensed Company Secretary

Skills and Experience

- Legal and Regulatory
- Corporate Governance
- Human Resource
- Oil and Gas and Renewable Energy
- Shipping

Present Directorships

- LISTED ISSUERS:
- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- Member, Board Audit Committee
- Member, Nomination and Remuneration Committee

Present Appointments

- Board member in several subsidiaries and joint venture companies within the MISC/MHB Group

Past Experience

- Company Secretary, MHB
- Senior General Manager, Legal, Corporate Secretarial and Compliance and Human Resource, MHB
- Senior General Manager, Legal and Corporate Secretarial Affairs, MHB
- General Manager, Legal, Corporate Secretarial and Administration, MHB
- General Manager, Legal and Administration, MHB
- Vice President, Legal and Secretarial, Bumi Armada

Profiles of the Board of Directors

MOHD NAZIR MOHD NOR

Managing Director & Chief Executive Officer Non-Independent Executive Director

Nationality	Malaysian
Age	47
Gender	Male
Date of Appointment	1 December 2023
Length of Service (as at 16 February 2024)	3 months
Number of Board Meetings Attended in 2023	1 out of 1



Academic/Professional Qualifications

- Bachelor of Civil Engineering, Universiti Teknologi Mara (UiTM)
- Management Programme from Duke Corporation Education

Skills and Experience

- Transformation and Turnaround initiatives
- C&S Integrity (Offshore)
- Facilities Management
- Pipeline Engineering (Offshore)
- Technical Engineering
- Culture
- Strategic Management
- Operation Management
- Project Implementation
- Corporate Planning
- Risk Management
- Oil and Gas
- Procurement
- Commercial/ Marketing
- Engineering
- Human Resource

Present Directorships

- LISTED ISSUERS:
- Malaysia Marine and Heavy Engineering Holdings Berhad

OTHER PUBLIC COMPANY:

- NIL

Board Committee Membership

- NIL

Present Appointments

- PETRONAS Energy and Gas Trading Sdn Bhd
- CEFS Response Sdn Bhd

Past Experience

- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head and CEO PETRONAS E&P Argentina, PETRONAS (PCSB Argentina)
- Director, Gas Infrastructure, PETRONAS Canada Energy Ltd, Upstream

- Director, Pipeline & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, PRGT Pipeline – Progress Energy, PETRONAS (Pacific North-West LNG Canada)
- Manager, LNG Pipeline and Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation Programme Management Office – (People and Culture), PETRONAS Gas Berhad
- Head, Transmission East Malaysia Operation, PETRONAS Gas Berhad
- Manager, East Malaysia Operation, PETRONAS Gas Berhad
- Manager, Pasir Gudang Regional Operation, PETRONAS Gas Berhad
- Manager, Pipeline Operations Advisor and Engineering Manager, PETRONAS (PAPL Gladstone LNG Australia)
- Executive, Pipeline Integrity, PETRONAS Gas Berhad
- Executive, Pipeline, PETRONAS Gas Berhad

LEADERSHIP

Profiles of the Board of Directors

Additional Information of the Board Of Directors:

- Family Relationship: None of the Directors has any family relationship with any Director and/or major shareholder of MHB.
- Conviction for Offences: None of the Directors has any conviction for offences, other than traffic offenses, if any, for the past 5 years.
- Public Sanction or Penalty: None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2023.
- Conflict of Interest: Save as disclosed below and elsewhere in this Integrated Annual Report, none of the Directors has any conflict of interest with MHB.

MISC Berhad is a majority shareholder of the Company. MISC Berhad and its subsidiaries occasionally transact with the Company and/or its subsidiaries. Four (4) out of eight (8) Directors of the Company, namely Mohammad Suhaimi Mohd Yasin, Captain Rajalingam Subramaniam, YM Raja Azlan Shah Raja Azwa, and Ausmal Kardin, are also officers and/or members of the Board of Directors of MISC Berhad. Potential conflict of interest may arise due to the common directorships and involvement in the related companies. The Board Audit Committee is reviewing and assessing further potential conflicts of interests of directors, key senior management and legal representatives of the Company (if any) and measures to resolve, eliminate or mitigate such conflicts. Enhanced disclosure in connection with any conflict of interest or potential conflict of interest will be included in the Integrated Annual Report of the Company for the financial year ending on 31 December 2024.

Profiles of the Management Committee



MOHD NAZIR MOHD NOR

*Managing Director & Chief Executive Officer
Non-Independent Executive Director*

Nationality	Malaysian
Age	47
Gender	Male

Date of Appointment:
1 December 2023

Length of Service (as at 16 February 2024)
3 Months

Academic/Professional Qualifications

- Bachelor of Civil Engineering, Universiti Teknologi Mara (UiTM)
- Management Programme from Duke CE

Past Experience

- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head and CEO PETRONAS E&P Argentina, PETRONAS (PCSB Argentina)
- Director, Gas Infrastructure, PETRONAS Canada Energy Ltd, Upstream
- Director, Pipeline & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, PRGT Pipeline – Progress Energy, PETRONAS (Pacific North-West LNG Canada)
- Manager, LNG Pipeline and Integration, PETRONAS (Pacific North-West LNG Canada)

- Head, Transformation Programme Management Office – (People and Culture), PETRONAS Gas Berhad
- Head, Transmission East Malaysia Operation, PETRONAS Gas Berhad
- Manager, Pasir Gudang Regional Operation, PETRONAS Gas Berhad
- Manager, Pipeline Operations Advisor and Engineering Manager, PETRONAS (PAPL Gladstone LNG Australia)
- Executive, Pipeline Integrity, PETRONAS Gas Berhad
- Executive, Pipeline, PETRONAS Gas Berhad

Directorship in Public Companies/Listed Issuer:

- Malaysia Marine and Heavy Engineering Holdings Berhad

Present Appointments

- Board Member of PETRONAS Energy and Gas Trading Sdn Bhd
- Board Member of CEFS Response Sdn Bhd
- Board member of several private companies within MHB Group

Date of Appointment:
1 January 2024

Length of Service (as at 16 February 2024)
1 month

Academic/Professional Qualifications

- Bachelor's Degree in Engineering (Naval Architecture and Offshore), University of Strathclyde
- Advanced Diploma in Ship and Marine Technology, Ngee Ann Polytechnic
- Diploma/General Equivalency Diploma in Shipbuilding & Offshore Engineering, Ngee Ann Polytechnic

Past Experience

- Vice President of Maintenance Repair and Overhaul (MRO) International Maritime Industries, Ras Al Khair, Saudi Arabia
- President, SEC USA Keppel AmFELS, Keppel FELS
- President (Designate), SEC USA Keppel AmFELS, Keppel FELS, Singapore
- Executive Director (Operations), New Builds, Keppel FELS, Singapore

- Executive Director, Operations, Keppel FELS, Singapore
- General Manager, Operations, Keppel FELS, Singapore
- Assistant GM, Operations, Keppel FELS, Singapore

Directorship in Public Companies/Listed Issuer:

- NIL

Past Appointments

- Alpine Engineering Services Private Limited - Membership, Board of Director
- Bintan Offshore Fabricators - Membership, Board of Director
- Keppel FELS Limited - Membership, Board of Director
- Keppel Housing Private Limited - Membership, Board of Director
- Keppel Shipyard Limited - Membership, Board of Director
- Marine Housing Services Private Limited - Membership, Board of Director
- Mod Prefeb Private Limited - Membership, Board of Director



MOHAMED SAHLAN SALLEH

Chief Operating Officer

Nationality	Singaporean
Age	52
Gender	Male

LEADERSHIP

Profiles of the Management Committee



MOHAMMAD ROMZI SHAFI'E

Chief Financial Officer

Nationality	Malaysian
Age	50
Gender	Male

Date of Appointment:
1 August 2023

Length of Service (as at 16 February 2024)
6 Months

Academic/Professional Qualifications

- Bachelor of Science in Accounting, Cardiff University
- Fellow Member of the Institute of Chartered Accountants in England and Wales

Past Experience

- Head, Group Internal Audit, MISC Berhad
- Senior General Manager, Group Accounting & Reporting, Finance Division, MISC Berhad
- Head Management Accounting, Finance Division, MISC Berhad
- General Manager, Special Projects, Finance Division, MISC Berhad
- General Manager, Business Transformation, MHB
- General Manager Finance, Finance Division, MHB

- Senior Manager Projects, Finance Division, MHB
- Senior Manager, Group Accounts and Tax Management, Finance Division, MISC Berhad
- Senior Manager, Group Account, Finance Division, MISC Berhad
- Manager, Statutory Accounts, Finance Division, MISC Berhad
- Executive, Corporate Finance, Financial Services Division, MISC Berhad
- Senior Auditor, Ernst and Young (EY)

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- Board member of several private companies within MHB Group

Date of Appointment:
16 July 2016

Length of Service (as at 16 February 2024)
7 years 6 months

Academic/Professional Qualifications

- Bachelor of Engineering Degree in Marine Engineering, State University of New York, Maritime College, Fort Schuyler, New York, United States of America
- Professional Engineer with Practising Certificate in Marine Engineering, Board of Engineers Malaysia

Past Experience

- General Manager, Marine Repair and Conversion Division, Malaysia Marine and Heavy Engineering Sdn Bhd
- General Manager, Commercial of Marine Repair Business Unit, Malaysia Marine and Heavy Engineering Sdn Bhd

- Head of Division Planning, Marine Repair Division, Malaysia Marine and Heavy Engineering Sdn Bhd

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointment

- Chief Executive Officer, MMHE LNG Sdn Bhd



IR. HISHAM HARON

Senior General Manager, Marine Business

Nationality	Malaysian
Age	58
Gender	Male

Profiles of the Management Committee



SHARON YAP SWEE YOKE

Senior General Manager, Heavy Engineering Business

Nationality	Malaysian
Age	63
Gender	Female

Date of Appointment:
1 April 2022

Length of Service (as at 16 February 2024)
1 year 10 months

Academic/Professional Qualifications

- Bachelor of Law (Honours), University of Buckingham, United Kingdom
- Barrister, UK Inns of Court (Gray's Inn)
- Called to the BAR of the High Court of UK and Wales
- Called to the BAR of the High Court of Malaya
- Alumni of Harvard Business School Advanced Management Programme (China Focus)
- Alumni of PETRONAS/Amazon Innovation Engine Masterclass

Past Experience

- Head of Commercial, Gas Business, PETRONAS
- Legal Advisor, PETRONAS
- Company Secretary, PETRONAS' subsidiaries
- Head of Commercial and LNG (PETRONAS Canada)
- Head of Special Projects (Downstream), PETRONAS
- Director / Member of Audit Committee and Board Subcommittee, PETRONAS' subsidiaries

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- NIL

Date of Appointment:
10 June 2019

Length of Service (as at 16 February 2024)
4 years 8 months

Academic/Professional Qualifications

- Master of Science in Operations Research: Florida Institute of Technology (FIT)
- Master Degree in Engineering – Operations Research: EISTI Ecole International des Sciences du Traitement de Information
- BTEC Higher National Diploma – Civil Works: DUT Civil Works – LYON
- BTEC National Diploma – Mechanical: Baccalaureat Technologic serie E

Past Experience

- Deputy General Manager, Petromar (a Joint Venture of Saipem and Sonangol (Angolan Oil Company))
- Project Manager, PT Saipem Indonesia Gas Berhad

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- NIL



THIERRY RAVELET

Senior General Manager, Heavy Engineering Operations

Nationality	French
Age	58
Gender	Male

LEADERSHIP

Profiles of the Management Committee



SHHRIN ALBAKRI MUSTAFA ALBAKRI

Senior General Manager, Legal, Corporate Secretarial and Compliance

Nationality	Malaysian
Age	50
Gender	Male

Date of Appointment:
17 September 2020

Length of Service (as at 16 February 2024)
3 years 5 months

Academic/Professional Qualifications

- Bachelor of Laws (Honours), University of Malaya
- Member of Malaysian Association of Company Secretaries (MACS)

Past Experience

- Head of Legal, Uzma Berhad
- Head of Legal, UMW Oil & Gas Corporation Berhad
- Head, Legal and Compliance, Gas Malaysia Berhad

- General Manager, Compliance and Legal, Port of Tanjung Pelepas
- Vice President 2, Sime Darby Property Berhad
- Partner, Messrs Khairil and Co.
- Legal Assistant, Messrs Abraham Ooi and Partners

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- NIL

Profiles of the Management Committee



CAPTAIN RAMESH CHINNAPPAN

General Manager, Corporate Health, Safety and Environment

Nationality	Malaysian
Age	57
Gender	Male

Date of Appointment:
15 August 2023

Length of Service (as at 16 February 2024)
7 months

Academic/Professional Qualifications

- Master's Foreign Going Certificate of Competency, Ministry of Transport Malaysia
- Professional Maritime Training, Malaysian Maritime Academy (ALAM)

Past Experience

- Head, Health, Safety and Assurance, Group HSSE and Sustainability, MISC Berhad
- General Manager, Health, Safety, Security & Environment (HSSE), MHB
- Head, Health, Safety and Assurance, Group HSSE, MISC Berhad
- General Manager, Corporate Health, Safety and Environment, Corporate HSSE and Ship Management Audit, MISC Berhad

- General Manager Ship Management Audit, Ship Management Audit, MISC Berhad
- Principal Auditor, Ship Management Audit, MISC Berhad
- Manager, Operations, Ship Management Audit, MISC Berhad
- Manager, Management Reporting, Ship Management Audit, MISC Berhad
- Manager, Ship Management Audit, PMSSB
- Senior Auditor, Ship Management Audit, PMSSB

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- NIL

Date of Appointment:
2 November 2020

Length of Service (as at 16 February 2024)
3 years

Academic/Professional Qualifications

- Texas A&I University Kingsville
- Professional Certification, Talent Management, Penn State University
- Certified Industrial Relations Manager accredited by MIHRM

Past Experience

- General Manager, HR Operations, Sapura Energy Berhad
- Industrial Relations Advisor (Asia-Pacific), TechnipFMC
- Head, HR, Technip Malaysia

Directorship in Public Companies/Listed Issuer:

- NIL

Present Appointments

- NIL



BADROL-IZAM BAHAROM

Senior General Manager, Human Resource

Nationality	Malaysian
Age	54
Gender	Male

Additional Information of the Management Committee Members:

- Family Relationship: None of the Management Committee members has any family relationship with any Director and/or major shareholder of MHB.
- Conflict of Interest: Save as disclosed in this Integrated Annual Report, none of the Management Committee members has any conflict of interest with MHB.
- Conviction for Offences: None of the Management Committee members has any conviction for offences, other than traffic offenses, if any, for the past 5 years.
- Public Sanction or Penalty: None of the Management Committee members has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2023.

GOVERNANCE

Corporate Governance Overview Statement

Despite facing challenges in financial performance last year, we remain resolute in our commitment to upholding strong corporate governance and embedding sustainability principles into our Company's strategy and operations. Addressing financial performance requires a comprehensive approach that encompasses financial responsibility, environmental stewardship, social impact, governance excellence, a culture of accountability, integrity, and a relentless pursuit of quality. By integrating these pillars into our strategic initiatives, we aim to enhance operational efficiency, strengthen our risk mitigation measures, foster a culture of continuous learning and capitalise on emerging opportunities for sustainable growth. Through this holistic approach, we are determined not only to address the shortcomings of the past year but also to drive sustainable financial success that benefits all stakeholders of the Company.

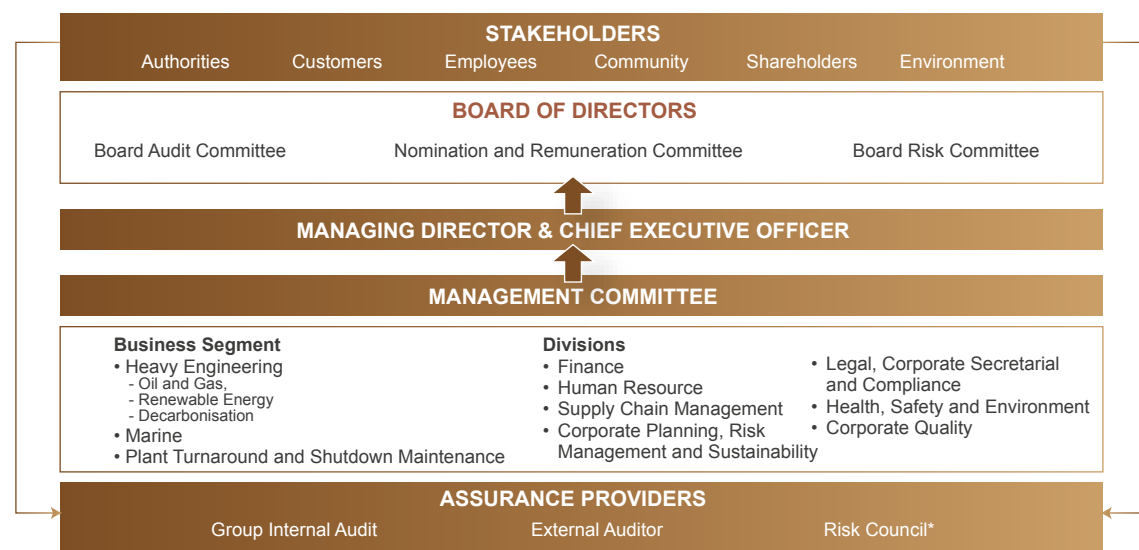
This Corporate Governance Overview Statement (CG Overview Statement) sets out the Company's corporate governance processes and practices applied during the year under review, in compliance with Para 15.25 (1) of Main Market Listing Requirements (MMLR) and guided by the principles and recommendations set out in the MCGG 2021 along with the Companies Act 2016 and Corporate Governance Guide (4th Edition) issued by Bursa Malaysia. Where applicable, this CG Overview Statement makes reference to the Integrated Annual Report which is available on the MHB's website at www.mhb.com.my.

This CG Overview Statement is to be read in conjunction with the Corporate Governance Report Card (CG Report) which is available on the MHB's website at www.mhb.com.my which provides details on how the Company has generally applied the practices under MCGG 2021 as well as the departures and alternative measures in place within the Company during the financial year under review and demonstrates the commitment of the Board and Management of the Company in applying and embracing the high standards of corporate governance in the organisation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Corporate Governance Framework

The following MHB's corporate governance (CG) framework provides an overview of how the Board, Board Committees and Management conduct their activities strategically to achieve the corporate and business objectives of the Group:



* comprises MC members

The CG Framework is supplemented by the Board Charter, Terms of Reference (TOR) of the respective Board Committees and the MHB Group Limits of Authority (LOA).

Effective 1 January 2024, MHB has appointed a Chief Operating Officer (COO) who reports directly to MD & CEO as well as serving as a member of the Management Committee. The COO will be fully responsible for MHB's operations.

Corporate Governance Overview Statement

1. Board Charter

The roles and responsibilities of the Board and individual Directors are documented in the Board Charter which reflects the corporate governance framework and practices of the MHB Group. The Board Charter also outlines, amongst others, the role of the MD and CEO, the role of the Company Secretaries, Board processes, Board functions, Board development and Board Diversity Policy. The Board Charter is periodically reviewed to ensure its compliance and relevance to the prevailing laws, rules, regulation and best practices.

The Board Charter is available in the Corporate Governance section on the MHB's Corporate website at www.mhb.com.my.

In addition to the Board Charter, the governance framework of MHB is supported by the MHB's Group Limits of Authority (LOA) which defines further the matters as well as the applicable limits specifically reserved for the Board's approval and those delegated to the MD & CEO and Management.

2. Board Roles and Responsibilities

The Board's main tasks are to provide strategic guidance for the Company and effective oversight of Management. In addition, the Board oversees the overall strategy and business direction of the Group and provides assurance to the stakeholders that their interests are being met in the best possible manner. The Board deals with and decides on pertinent matters for the Company including:-

- strategies and business plan;
- business conduct and key operational initiatives;
- financial plans, annual budget and performance reviews;
- major investments, expansions, divestments, funding proposals and diversification of business;
- major human resource matters vis-à-vis succession planning and talent development for key management positions;
- risk management and sustainability;
- corporate governance best practices.

The key responsibilities of the Board are further elaborated in this Integrated Annual Report.

3. Strategic and Business Plan

The Board plays an active role in the development of the Company's strategic and business plan. A dedicated Special Board Meeting is held in the third quarter of each year to give guidance or specific advice on the Company's strategic business objectives and

Management's proposed strategic initiatives covering short-term, medium-term and long-term scenarios. Based on the guiding parameters provided by the Board and Board Committees as well as results obtained from comprehensive research on the macro environment and the Company's internal capability, Management develops the Company's business plan and budget together with the scorecard for the next financial year which are presented to the Board Committees and subsequently at a Special Board Meeting. During deliberation on the matter, the Board Committees and the Board will challenge Management's perspectives and assumptions to ensure the best outcomes are achieved.

4. Sustainability Management

The Board together with Management acknowledge their responsibility for promoting sustainability in areas covering environment, financial, social, governance and stakeholders engagement. Further information on MHB's approach towards sustainability is provided in the Sustainability Statement on pages 88 to 150 of this Integrated Annual Report.

5. Ethics and Compliance

In keeping with the principles of sound corporate governance, the Board is committed to promote a culture of integrity and ethical values. MHB has put in place its set of Code of Conduct and Business Ethics (CoBE), which includes the Whistleblowing Policy and the No Gift Policy. The CoBE is applicable to all Directors and employees within the Group as well as third parties performing works or services for and on behalf of the Company. It promotes the required standard of behaviour and ethical conduct expected from each individual and party to whom the CoBE applies.

Apart from the CoBE, the Board has adopted the ABC Manual. The ABC Manual explains the principles of anti-corruption and provides guidance to supplement the Code of Conduct and Business Ethics (CoBE) and is the basis on which the Company has established adequate procedures to prevent any person associated with the Group from engaging in any inappropriate conduct in the course of doing business.

MHB is certified with ISO 37001: 2016 Anti-Bribery Management System by SIRIM QAS International Sdn Bhd. ISO 37001 is designed to guide organisations to prevent, detect, respond to and comply with laws, regulations and other requirements and to make voluntary commitments to combat bribery. It also provides the requirements and guidance for establishing, implementing, maintaining and improving the anti-bribery management system.

GOVERNANCE

Corporate Governance Overview Statement

The Board has also adopted the Human Rights Commitment, Modern Slavery Policy and Modern Slavery Statement on 18 February 2021.

Additional details on these codes and policies can be found in the Sustainability Statement on pages 88 to 150 of this Integrated Annual Report.

6. Board Composition and Diversity

The Board consists of eight (8) Directors, all of whom are Non-Executive Directors (NED), except for the MD & CEO. Of the seven (7) NEDs, four (4) are Independent Directors, which comply with the requirement for one-third (1/3) of the Board members to be independent as set out under Paragraph 15.02 (1) (a) of the MMLR.

MHB has one (1) woman Director on its Board that fulfils the requirement of Paragraph 15.02 (1)(b) of the MMLR which requires at least one (1) director of the listed issuer is a woman.

The eight (8) members of the Board are persons of high integrity and calibre who have sound knowledge and understanding of MHB's business and provide a diversity of breadth in experience and knowledge.

They are industry leaders and professionals who possess the background and expertise in specialised fields such as strategic planning, engineering and construction, corporate finance and accounting, oil and gas, procurement and management, legal and governance which are critical to the Group's business and sustainability as tabulated in the table below. Each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the best interest of the Group.

The Board is of the view that its composition is adequate in terms of size, skills and experience, diversity of age and background to ensure well-balanced views to facilitate effective decision-making.

The size and composition of the Board are reviewed annually, taking into account the scope, nature and diversity of the business operations of the Group.

As of 16 February 2024, the composition of the Board is as follows:

Director's Name	Age	Gender	Nationality	Date of Appointment
Mohammad Suhaimi Mohd Yasin	64	Male	Malaysian	16 October 2023
Gladys Leong	63	Female	Malaysian	15 September 2020
Keith Taylor	72	Male	British	1 June 2019
Wan Yusoff Wan Hamat	71	Male	Malaysian	15 September 2020
Captain Rajalingam Subramaniam	59	Male	Malaysian	1 January 2023
Raja Azlan Shah Raja Azwa	54	Male	Malaysian	1 January 2023
Ausmal Kardin	54	Male	Malaysian	3 November 2021
Mohd Nazir Mohd Nor	47	Male	Malaysian	1 December 2023

Note :
Datuk Nasarudin Md Idris and Pandai Othman who served the Board during the year under review retired and resigned on 1 September 2023 and 30 November 2023, respectively.

Corporate Governance Overview Statement

Each Director is expected to devote sufficient time in carrying out their duties and responsibilities to the Company. The Chairman will be notified before the Directors accept any new directorship outside the Group. The notification includes an indication of the time commitment required for the new appointment. In accordance with the MMLR, none of the Board members holds more than five (5) directorships in listed companies.

	Mohammad Suhaimi Mohd Yasin	Gladys Leong	Keith Taylor	Wan Yusoff Wan Hamat	Captain Rajalingam Subramaniam	Raja Azlan Shah Raja Azwa	Ausmal Kardin	Mohd Nazir Mohd Nor
Corporate Planning and Development	•		•	•	•	•		•
Risk Management	•	•	•	•	•	•		•
Oil and Gas and Renewable Energy			•	•	•	•	•	•
Operations		•	•	•	•			•
Procurement	•	•	•	•	•	•		•
Commercial/Marketing	•		•		•			•
Project Management	•	•	•	•				•
Economics						•		
Shipping					•	•	•	
Engineering			•	•				•
Human Resource		•	•	•	•		•	•
Corporate Governance	•	•	•	•	•	•	•	
Legal and Regulatory							•	
Finance	•	•	•		•	•		
Accounts		•				•		
Audit	•	•	•	•	•	•		

The Company endeavours to fulfil gender diversity target of 30% as provided for by MCCG 2021 in its Board renewal exercise as well as the appointment of Senior Management. Nonetheless, the main criteria of the MHB Board's candidacy is meritocracy based on relevant qualifications, experience, knowledge and expertise that will enhance the Board's value.

The diversity policy which is embedded in the Board Charter may be referred to www.mhb.com.my.

For more information on the Board members, please refer to their respective profiles on pages 152 to 159 of this Integrated Annual Report.

GOVERNANCE

Corporate Governance Overview Statement

7. Demarcation of Responsibility

The positions of Chairman and MD & CEO are held separately by Mohammad Suhaimi Mohd Yasin and Mohd Nazir Mohd Nor, respectively. Separation in the role of the Chairman and the MD & CEO is imperative as both roles have different expectations and provide the necessary checks and balances.

Chairman

The Chairman provides leadership for the Board and is primarily responsible to ensure the Board fulfils its obligations to the Company effectively. This includes setting the agenda, style and tone of Board discussions so as to promote constructive debate, effective decision-making, instilling and monitoring good corporate governance practices and leading all Board meetings and general meetings.

The Chairman of MHB is not a member of the Board Committees. This practice is aligned with Practice 1.4 of MCCG 2021.

MD & CEO

The MD & CEO leads the overall operations of the business and organisational effectiveness with the support of the Management Committee. In addition, the MD & CEO coordinates the development and implementation of policies and business strategies and ensures that business affairs, financial and risk management are carried out transparently, ethically and in compliance with the relevant laws and regulations in the interest of the stakeholders.

All Board authorities conferred on the Management is delegated through the MD & CEO and this is considered as the MD & CEO's authority and accountability.

Independent Non-Executive Directors

The Independent Non-Executive Directors (INED) are independent of management and free from any business or other relationships that could interfere with their independent judgment in deliberating matters of the Board. MHB has applied the Step-Up Practice 5.4 of the Malaysia Code on Corporate Governance (MCCG) 2021 where the INEDs tenure will not exceed a cumulative term limit of nine (9) years.

For the year under review, the INEDs have reaffirmed their independence based on the criteria on Independent Directors as provided in the MMLR.

The INEDs ensure that the strategies proposed by Management are fully deliberated and examined in the long-term interest of the Group, the shareholders and other stakeholders.

Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director (SINED) was appointed in accordance with the MMLR on 22 April 2022.

As a SINED, her responsibilities include:

- acting as a sounding board for the Chairman;
- acting as an intermediary for other Directors and/or Chairman when necessary;
- acting as a point of contact for shareholders and other stakeholders on areas that cannot be resolved through the normal channel of contact with the Chairman or MD & CEO; and
- to execute such other roles as designated by the Board from time to time.

All queries relating to the Group can be channelled to the SINED's email address, *gladys.leong@mmhe.com.my* or directed to the following address:

Gladys Leong
Senior Independent Non-Executive Director
Malaysia Marine and Heavy Engineering Holdings Berhad
Level 31, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Malaysia

8. Board Meetings, Information, Access to Management, Company Secretaries and External Experts

The Board meetings together with tentative agenda are scheduled in advance of any new financial year to enable Directors to plan and fit the proposed meetings into their schedules. The Board meets quarterly and additional meetings are held as and when required.

Scheduled Board meetings agenda include review of financial and non-financial information matters covering amongst others, strategic, operational, regulatory, governance, sustainability and human resource issues. There are matters reserved specifically for the Board's decision, including the approval of the Group's plans and budget, major investments, major bid submissions, acquisitions and divestments, appointment of key management

Corporate Governance Overview Statement

positions, corporate scorecard, performance evaluation of key management as well as establishment of key policies and procedures. Urgent papers may be presented and tabled at meetings under the item "Any Other Business", subject to the approval of both the Chairman and MD & CEO.

Board papers on each item on the agenda, are distributed to the Directors within a reasonable period prior to the Board meeting to ensure that Directors have sufficient time to evaluate and review the proposals to facilitate better discussion and deliberation at the meetings. However, sensitive and highly confidential matters may be provided on the meeting day.

Directors are provided with electronic access to Board papers via secure software, allowing them to conveniently access, read, and review essential documents from any location and at any time.

Presentations and briefings by Management, Chairmen of the Board Committees and relevant external consultants, where applicable, are also held at Board meetings to provide further clarity to the Board. In this regard, relevant information is furnished, and clarifications are given to assist the Board in making an informed decision.

The Directors also have direct access to the advice and services of the Company Secretaries and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors.

During the year under review, the Board has in its meeting deliberated among others, the following matters:-

- strategies and business plan;
- key operational activities and initiatives;
- financial plans, annual budget and performance reviews;
- investments, divestments, diversification of business;
- succession planning and talent development for the Board and key management positions;
- risk management;
- corporate governance best practices;
- sustainability initiatives and Environment, Social and Governance (ESG) targets;
- major bid submissions.

All Directors complied with the requirements of Paragraph 15.05(3) (c) of the MMLR which stipulates a minimum of 50% attendance of the Board meetings held in a financial year.

Details of each Board member's attendance are as follows:-

Members	No. of Meetings attended
Datuk Nasarudin Md Idris (Chairman) <i>(retired on 1 September 2023)</i>	8 out of 8
Mohammad Suhaimi Mohd Yasin (Chairman)	2 out of 2
Gladys Leong	12 out of 12
Keith Taylor	12 out of 12
Wan Yusoff Wan Hamat	12 out of 12
Captain Rajalingam Subramaniam	12 out of 12
Raja Azlan Shah Raja Azwa	11 out of 12
Ausmal Kardin	12 out of 12
Pandai Othman <i>(resigned on 30 November 2023)</i>	11 out of 11
Mohd Nazir Mohd Nor	1 out of 1

GOVERNANCE

Corporate Governance Overview Statement

It is a practice in all MHB Board and Board Committee meetings that in the event a Director has an interest in a particular matter or proposal to be considered in the meeting, the said Director is required to declare the nature of his or her interest prior to the deliberation. The interested Director is required to abstain from deliberating and voting on the particular matter. He or she would also excuse himself or herself and leave the meeting during the deliberation of the matter concerned, if necessary.

The Board's deliberations and decisions are properly recorded in minutes of the Board meetings and distributed by the Company Secretaries in a timely manner.

9. Directors' Training and Development

The Company Secretaries facilitate the orientation of new directors and assist in directors' training and development.

All Board members of the Company except for the new appointed MD & CEO, Encik Mohd Nazir Mohd Nor, have attended the Mandatory Accreditation Programme I (MAP I) as required by the MMLR. Encik Nazir will attend the MAP I in March 2024.

The Directors who have attended the MAP II which was mandated by Bursa Malaysia in 2023, are Ms Gladys Leong, Mr Keith Taylor and Encik Wan Yusoff Wan Hamat.

The Directors are also encouraged to attend continuous education programmes, talks, seminars, webinars, workshops, conferences and other training programmes to enhance their skills and knowledge and to keep abreast with new developments in the business environment.

The Company allocates a training budget to support the continuous development of the Directors. In addition, Directors attend relevant programmes organised by the parent company, MISC Berhad.

Virtual training programmes, conferences and forums attended by the Directors during the financial year under review among others, were as follows:-

Director	Training Attended	Organisers	Date
Mohammad Suhaimi Mohd Yasin (Chairman)	1. MISC Directors' Training FY2023	MISC Berhad	13 June 2023
	<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage: Market Insights ESG: Potential Disruptors to Maritime and Shipping Energy Transition: Financing the Race to Net Zero Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries 		
	2. MAP MOS 2023 – Gas and LNG Market Outlook	MISC Berhad	21 June 2023
	3. MAP MOS 2023 – Global Energy Market Trends	MISC Berhad	22 June 2023
	4. MAP MOS 2023 – Offshore Floating Production Market and Trends	MISC Berhad	27 June 2023
	5. MISC Directors' Training FY2023	MISC Berhad	11 September 2023
	<ul style="list-style-type: none"> New Considerations for Risk Assessment in the Era of Decarbonisation Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market Global Minimum Tax: What it Means to Multi-National Corporations Abatement Technologies: What's Available and What's Coming 		

Corporate Governance Overview Statement

Director	Training Attended	Organisers	Date	
Gladys Leong	1. Contextualising Net Zero	PwC Malaysia	8 February 2023	
	2. Global Economic Outlook 2023	INSEAD	4 April 2023	
	3. MISC Directors' Training FY2023	MISC Berhad	13 June 2023	
	<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage: Market Insights ESG: Potential Disruptors to Maritime and Shipping Energy Transition: Financing the Race to Net Zero Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries 			
	4. PBB In-House Training: Talk on Introduction to Climate Risk Management	Public Bank Berhad	2 August 2023	
	5. MISC Directors' Training FY2023	MISC Berhad	11 September 2023	
	<ul style="list-style-type: none"> New Considerations for Risk Assessment in the Era of Decarbonisation Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market Global Minimum Tax: What it Means to Multi-National Corporations Abatement Technologies: What's Available and What's Coming 			
	6. Mandatory Accreditation Programme (MAP) Part II	Institute of Corporate Directors of Malaysia (ICDM)	13 – 14 September 2023	
	7. Management of Cyber Risk	Messrs Ernst & Young	3 October 2023	
Keith Taylor	8. Talk on the New Cyber Threat Landscape	Public Bank Berhad	4 October 2023	
	9. Talk on AML/CFT Updates: Evolving Challenges and Expectations in Regulatory Compliance	Public Bank Berhad	1 November 2023	
	1. MISC Directors' Training FY2023	MISC Berhad	13 June 2023	
	<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage: Market Insights ESG: Potential Disruptors to Maritime and Shipping Energy Transition: Financing the Race to Net Zero Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries 			
	2. MISC Directors' Training FY2023	MISC Berhad	11 September 2023	
	<ul style="list-style-type: none"> New Considerations for Risk Assessment in the Era of Decarbonisation Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market Global Minimum Tax: What it Means to Multi-National Corporations Abatement Technologies: What's Available and What's Coming 			
	3. Mandatory Accreditation Programme (MAP) Part II	Institute of Corporate Directors of Malaysia (ICDM)	16 – 17 October 2023	
	Wan Yusoff Wan Hamat	1. MISC Directors' Training FY2023	MISC Berhad	13 June 2023
	<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage: Market Insights ESG: Potential Disruptors to Maritime and Shipping Energy Transition: Financing the Race to Net Zero Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries 			
	2. Mandatory Accreditation Programme (MAP) Part II	Institute of Corporate Directors of Malaysia (ICDM)	4 – 7 September 2023	
	3. MISC Directors' Training FY2023	MISC Berhad	11 September 2023	
	<ul style="list-style-type: none"> New Considerations for Risk Assessment in the Era of Decarbonisation Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market Global Minimum Tax: What it Means to Multi-National Corporations Abatement Technologies: What's Available and What's Coming 			

GOVERNANCE

Corporate Governance Overview Statement

Director	Training Attended	Organisers	Date
Captain Rajalingam Subramaniam	1. MISC Directors' Training FY2023 • Carbon Capture, Utilisation and Storage: Market Insights • ESG: Potential Disruptors to Maritime and Shipping • Energy Transition: Financing the Race to Net Zero • Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries	MISC Berhad	13 June 2023
	2. MISC Directors' Training FY2023 • New Considerations for Risk Assessment in the Era of Decarbonisation • Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market • Global Minimum Tax: What it Means to Multi-National Corporations • Abatement Technologies: What's Available and What's Coming	MISC Berhad	11 September 2023
	3. MISC HSSE Partners Summit 2023	MISC Berhad	7 December 2023
Raja Azlan Shah Raja Azwa	1. MISC Directors' Training FY2023 • Carbon Capture, Utilisation and Storage: Market Insights • ESG: Potential Disruptors to Maritime and Shipping • Energy Transition: Financing the Race to Net Zero • Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries	MISC Berhad	13 June 2023
	2. MISC Directors' Training FY2023 • New Considerations for Risk Assessment in the Era of Decarbonisation • Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market • Global Minimum Tax: What it Means to Multi-National Corporations • Abatement Technologies: What's Available and What's Coming	MISC Berhad	11 September 2023
	3. MISC HSSE Partners Summit 2023	MISC Berhad	7 December 2023
Ausmal Kardin	1. MISC Directors' Training FY2023 • Carbon Capture, Utilisation and Storage: Market Insights • ESG: Potential Disruptors to Maritime and Shipping • Energy Transition: Financing the Race to Net Zero • Artificial Intelligence: Application in the Shipping and Heavy Engineering Industries	MISC Berhad	13 June 2023
	2. MISC Directors' Training FY2023 • New Considerations for Risk Assessment in the Era of Decarbonisation • Roadmap to Successful Mergers and Acquisitions Transaction in the Current Market • Global Minimum Tax: What it Means to Multi-National Corporations • Abatement Technologies: What's Available and What's Coming	MISC Berhad	11 September 2023
Mohd Nazir Mohd Nor	1. Gas Cross Sector Succession Planning Workshop 2023	HR	1 August 2023
	2. Occupier Self-Regulation Structure Workshop	GHSSE	26-27 September 2023
	3. CGS-CIMB ESG and Sustainability Conference	CGS-CIMB	17 October 2023
	4. PETRONAS Board Excellence: Continuous Education – Conflict of Interest	Group Secretarial and Board Governance PETRONAS	27 October 2023
	5. Emergency and Crisis Management (ECM) Refresher Training to GPU EMT	HSSE	31 October 2023

Corporate Governance Overview Statement

10. Directors' Remuneration

The Company aims to set the remuneration for Directors at levels which are sufficient to attract and retain persons of calibre to lead the Group, taking into consideration the workload, scopes and responsibilities involved. The level of remuneration for NEDs reflects the level of responsibilities undertaken and contributions made by them. MHB's policy for remunerating its Directors is based on the PETRONAS Public Listed NEDs' Remuneration Guidelines and Package, details as follows:-

Description	Chairman	NED
Monthly Fixed Fees	RM20,000	RM10,000
Meeting Allowance	RM3,500	RM3,500

Notes:-

- Directors' fees and meeting allowances payable to the NINED are paid directly to MISC Berhad instead of the individual Directors
- INEDs are entitled to RM6,000 of fuel allowance per annum and PETRONAS Directors' and Officers' Insurance coverage of up to RM1.29 billion per occurrence and in aggregate

Remuneration paid to the NEDs is approved by shareholders at the AGM.

During the year under review, the Remuneration which comprises fees, meeting allowances and other benefits received by each Director is as listed below:-

Name of Directors	Annual Fees (RM)	Board Meeting Attendance Allowance# (RM)	Board Committees Meeting Attendance Allowance (RM)	Benefits (Petrol Allowance) (RM)	Total (RM)
Datuk Nasarudin Md Idris* (Chairman)	160,000	31,500	-	-	191,500
Mohammad Suhaimi Mohd Yasin (Chairman)	49,032	7,000	-	1,258	57,290
Gladys Leong	120,000	45,500	56,000	6,000	227,500
Keith Taylor	120,000	45,500	49,000	-	214,500
Wan Yusoff Wan Hamat	120,000	45,500	56,000	6,000	227,500
Captain Rajalingam Subramaniam**	120,000	45,500	-	-	165,500
Raja Azlan Shah Raja Azwa**	120,000	42,000	21,000	-	183,000
Ausmal Kardin**	120,000	45,500	56,000	-	221,500
TOTAL	929,032	308,000	238,000	13,258	1,488,290

Notes:

- The amounts are provided before any tax adjustments
- #Include payment for Board Retreat attendance
- *Datuk Nasarudin Md Idris retired from the Company on 1 September 2023
- ** Fees paid directly to MISC Berhad as management fees

GOVERNANCE

Corporate Governance Overview Statement

11. Company Secretaries

To ensure the effective functioning of the Board, all Directors have the support of suitably qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to compliance with relevant laws, rules, regulations and governance best practices, boardroom effectiveness and Directors' duties and responsibilities.

The Company Secretaries ensure that deliberations at meetings of the Board and Board Committees are properly captured, minuted and communicated to Management for necessary action.

During the year under review, the Company Secretaries were Shahrin Albakri Mustafa Albakri and Haniza Sabaran. Shahrin Albakri Mustafa Albakri is a qualified legal professional and a Member of the Malaysian Association of Company Secretaries (MACS) whereas Haniza Sabaran is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Both Shahrin Albakri Mustafa Albakri and Haniza Sabaran are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.

12. Board Committees

The Board Committees are committed to the highest standards of good governance and provide support and guidance to the Board and Management.

The Board is supported by the following Board Committees:

- i) Nomination and Remuneration Committee (NRC);
- ii) Board Audit Committee (BAC); and
- iii) Board Risk Committee (BRC)

The Board Committees' compositions are in compliance with the MMLR and accordance with the best practices as prescribed by the MCCG 2021 to ensure their effectiveness and to efficiently discharge of their duties and responsibilities. Each Board Committee operates within its own TOR, which clearly defines its role and functions.

The Chairman of each Committee will report to the Board on the deliberations, discussions and outcome of the Committee meetings.

PRINCIPLE B: EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROL

Board Audit Committee

The BAC was established to assist the Board in ensuring the integrity of financial reporting and the existence of a sound internal control system within the Group. The BAC also monitors compliance with established policies and procedures and assesses the suitability, objectivity and independence of both the external and internal audit functions.

In compliance of the Paragraph 15.12(1)(h) of the MMLR, the Board Audit Committee reviews and reports to the Board on any related party transaction and conflict of interest situation that arose, persist or may arise within MHB or its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

The main functions of the BAC are enumerated in the BAC Report as set out on pages 181 to 184 of this Integrated Annual Report.

Corporate Governance Overview Statement

Risk Management and Internal Control

The Board continues to maintain and review its risk management process and procedures to safeguard shareholders' investment and the assets of the Company through the establishment of the BRC.

The main functions of the BRC are set out in the BRC Report on page 185 to 186 of this Integrated Annual Report.

The Statement on Risk Management and Internal Control provides an overview of the risk management and internal controls within the MHB Group and further details can be found on pages 187 to 195 of this Integrated Annual Report.

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

Communication with Stakeholders

The Board takes cognisance of the importance in having effective, transparent and regular communication with the Company's stakeholders. The Sustainability Framework identified Stakeholders' Engagement as one of its core pillars to pursue. Further details on the Company's efforts on stakeholder communication can be found on pages 147 to 150 of the Sustainability Statement which is embedded in the Company's Integrated Annual Report.

Integrated Reporting

MHB has adopted integrated reporting based on a globally recognised framework in view to improving the quality of information available for investors and promoting greater transparency and accountability on the part of the Company, in line with the MCCG 2021.

The fully Integrated Annual Report was first published in 2022. Further enhancements have been incorporated into the Integrated Annual Report 2023.

Annual General Meeting (AGM)

The AGM is the principal forum of dialogue with shareholders and also an avenue for the Chairman and Board members to communicate directly with shareholders. Shareholders are encouraged to attend, participate, speak and vote at the Company's general meetings. Virtual AGMs are proven cost-effective and convenient. Hence, the Company continues to leverage technology to facilitate hosting virtual AGM and made available remote participation and voting in absentia for shareholders. Compared to physical AGMs, the Company has seen an encouraging increase in attendance and participation of shareholders at the virtual AGMs.

In view to encouraging the participation of remote shareholders and ensuring cyber-hygiene at the virtual AGM, the Company has in place the following measures:-

- Issued a comprehensive Administrative Notes as guidance to shareholders
- Enabled electronic lodgement of Form of Proxy
- Broadcasted the AGM proceeding via a web portal and mobile application
- Addressed the Questions raised by the Minority Shareholders Watch Group (MSWG) and the responses at the AGM
- Enabled questions from shareholders to be submitted through the virtual AGM platform or via email
- The MD & CEO presented the business and financial highlights prior to the AGM proceedings and responded to the questions received from shareholders wherein the compilation of questions and answers were published on the MHB's corporate website at www.mhb.com.my.

All Boards members attended the AGM in 2023, virtually except for the Chairman and the MD & CEO who were present at the broadcast venue. The Notice of AGM was issued more than 28 days as recommended by the MCCG and in accordance with Paragraph 8.29A1 of the MMLR, the Company conducted electronic polling at the AGM. The poll results were verified by the appointed scrutineers and announced by the Chairman. The minutes of the AGM, was published on the Company's website within 30 days from the meeting.

GOVERNANCE

Nomination and Remuneration Committee Report

Overview

The NRC leads the nomination and remuneration process for the Board and Board Committees as well as for critical management positions within the Group. The NRC assists the Board in reviewing the mix of skills, experience, core competencies and other qualities required for an effective Board for the Company. It also ensures that there is sufficient focus placed on succession planning and human capital development in the Group at the Board and Management levels.

Terms of Reference

The NRC's Terms of Reference (TOR) sets out the authority, duties and responsibilities of the NRC and is consistent with the requirements of the MMLR of Bursa Securities and the MCCG 2021.

The NRC's Terms of Reference (TOR) is available on MHB's corporate website at www.mhb.com.my.

Composition

The NRC comprises exclusively non-executive directors, the majority of whom are independent and comply with the requirement of Paragraph 15.08A (1) of the MMLR of Bursa Securities and in line with the Practice 5.8 of the MCCG which recommends the NRC is chaired by an Independent Director.

For the year under review, the composition of the NRC is as follows:

Name/Directorship	Designation
Wan Yusoff Wan Hamat (Independent Non-Executive Director)	Chairman
Gladys Leong (Senior Independent Non-Executive Director)	Member
Ausmal Kardin (Non-Independent Non-Executive Director)	Member

Meetings

In FY2023, the NRC held a total of ten (10) meetings. The details of each NRC member's attendance are as follows:

Member	No. of Meetings Attended
Wan Yusoff Wan Hamat	10 out of 10
Gladys Leong	10 out of 10
Ausmal Kardin	10 out of 10

Overview of the NRC's agenda items in respect of FY2023

The NRC deliberated on among others, the following matters:

Nomination, Selection, Appointment and Re-Election Process

- Appointment of Chief Financial Officer
- Appointment of Chief Operating Officer
- Appointment of Managing Director and Chief Executive Officer
- Appointment of a General Manager
- Appointment of Independent Non-Executive Director
- Renewal of Several Contracts of Senior Management
- Retirement and Re-election of Directors
- Adoption of Directors' Fit and Proper Policy

Remuneration Matters

- Performance Bonus and Salary Increment
- Special Recognition Reward

Performance Management and Human Resource

- MHB Corporate Scorecard FY2023 Achievement
- MHB FY2024 Corporate Scorecard
- Succession Planning

Board Effectiveness Evaluation

- Review of Recommended Action Plan from External Board Effectiveness Evaluation (BEE) exercise
- Internal BEE exercise for FY2023

Functions of the NRC and related activities in FY2023

- a) Appointment/Re-election of Directors and Succession Planning

The NRC provides oversight in recruiting, retaining, training as well as developing executive and non-executive directors to ensure that board renewal and succession are managed effectively.

The NRC carries out an annual assessment of among others, Board composition and skillset for the purpose of succession planning. Once every three (3) years, this exercise is carried out by an independent consultant. Based on this exercise, gaps if any, are identified. In the event there is a requirement for new appointments or replacements, the NRC will conduct a search for candidates.

Nomination and Remuneration Committee Report

In the selection and assessment of candidates for appointment or re-election of Directors, the NRC applied the fit and proper criteria to evaluate character, experience, integrity, competence and time commitment of potential directors as outlined by Paragraph 2.20A of Bursa Securities. In addition, the NRC TOR prescribed the selection criteria which includes skill, knowledge, expertise, experience, integrity and time to effectively discharge the role of a director.

In FY2023, the following appointments took place upon recommendation by the NRC and approval by the Board:

Director/Directorship	Changes	
	Type	Effective Date
Captain Rajalingam Subramaniam (Non-Independent Non-Executive Director)	Appointment	1 January 2023
YM Raja Azlan Shah Raja Azwa (Non-Independent Non-Executive Director)	Appointment	1 January 2023
Encik Mohammad Suhaimi Mohd Yasin (Independent Non-Executive Director)	Appointment	16 October 2023
Encik Mohd Nazir Mohd Nor (Non-Independent Executive Director)	Appointment	1 December 2023

- b) Onboarding Session

In FY2023, two (2) onboarding sessions for the newly appointed directors were held on 9 January 2023 and 30 November 2023. The objective of these sessions was for Directors to meet the Management team and to understand the business, strategies and operations of the Group.

New Directors were furnished with the Directors' Kit which include among others, the Board Charter and Board Committees' TOR to provide guidance on good corporate governance and outlines the roles and responsibilities of the Board and Board Committees as well as their authority limits.

- c) Directors' Training

During the year under review, Directors attended training programmes organised by MISC, PETRONAS and external consultants to support their professional development and optimise their contribution to the Board.

This includes the training and knowledge sharing on sustainability and related topics which enabled them to deliberate and to manage issues relevant to the Company and its business.

The list of training attended by the Directors during FY2023 is detailed in the CG Overview Statement, pages 172 to 174 of the Integrated Annual Report.

Re-election of Directors

In accordance with its TOR, the NRC is responsible to make recommendations to the Board on the re-election of retiring directors in line with applicable regulatory requirements.

In FY2023, the Board, upon recommendation from the NRC and being satisfied with its review, recommended the re-election of the retiring Directors at the 34th AGM. The Shareholders at the 34th AGM held on 13 April 2023, approved the following re-election:

- Provision 21.7 of Company' Constitution
- (i) Captain Rajalingam Subramaniam
 - (ii) YM Raja Azlan Shah Raja Azwa

- Provision of 21.8 of Company's Constitution
- (i) Wan Yusoff Wan Hamat
 - (ii) Keith Taylor

- d) Board Effectiveness Evaluation (BEE) for the Board, Board Committees and Individual Directors

The BEE for financial year 2023 was carried out internally by the NRC, facilitated by the Company Secretaries.

The evaluation process utilised online questionnaires and included reviews on the Board's required mix of skills, experience, and participation in Board deliberations among others. A report is then prepared by the Company Secretaries and presented to the NRC and the Board for notation and action, if required.

- e) Senior Management - Appointment and Succession Planning

The NRC reviewed and recommended critical positions at Senior Management level to ensure that succession planning is managed effectively.

During FY 2023, the Board approved NRC's recommendation on the appointment of MD & CEO, Chief Financial Officer and Chief Operating Officer of MHB.

GOVERNANCE

Nomination and Remuneration Committee Report

f) Directors' Remuneration

The Company's policy for remunerating its Board members is based on the PETRONAS Public Listed Companies Non-Executive Directors' Guidelines and Remuneration Package.

The fee structure for NEDs of MHB is as follows:

Description	Chairman	NED
Monthly Fixed Fees	RM20,000/month	RM10,000/month
Meeting Allowance	RM3,500/meeting	RM3,500/meeting
Other Benefits	<ul style="list-style-type: none"> Fuel allowance for NEDs Directors' and Officers' Insurance coverage 	

Note:-

INEDs are entitled to RM6,000 of fuel allowance/per annum and PETRONAS Group Directors' and Officers' Insurance coverage of up to RM1.29 billion per occurrence and in aggregate.

The fees and allowances for NEDs are determined by the Board and are subject to the approval of the Shareholders of the Company. The breakdown of the detailed Directors' Remuneration paid during the year under review is disclosed in the CG Overview Statement on pages 175 of this Integrated Annual Report.

The payment of Directors' fees and meeting allowances for NINEDs who are employees of MISC were paid directly to MISC.

The remuneration package for the MD & CEO of the Company is balanced between fixed and performance-linked elements. A portion of the MD & CEO's remuneration package is variable in nature and is KPI based, which includes the Group's performance.

g) Senior Management's Remuneration

The remuneration package of the Senior Management is benchmarked against the Company's peers and reflects the industry standard. The review of Senior Management's remuneration package takes place during their respective contract renewal exercise to ensure competitiveness and acts as an employee retention tool.

h) Company and MD & CEO's Performance Appraisal

The performance appraisal covered distinctive dimensions with specific ratings given to each area such as Health, Safety, Security and Environment, Financial, Operation, Strategic Initiatives, and People Development and Ethics.

WAN YUSOFF WAN HAMAT

Chairman
Nomination and Remuneration Committee

Board Audit Committee Report

Overview

The BAC operates within its terms of reference in ensuring that there is effective financial risk monitoring, internal controls and corporate governance to provide the level of assurance required by the Board.

Terms of Reference (TOR)

The BAC is governed by its TOR which is consistent with the requirements of the MMLR and best practices of the MCCG 2021. The BAC's TOR is available on MHB's corporate website at www.mhb.com.my

Composition

The BAC consists of three (3) members, all of whom are Non-Executive Directors with two (2) being Independent Directors and one (1) Non-Independent Director.

The composition of the BAC complies with Paragraph 15.09(1) of the MMLR. Gladys Leong is a member of the Malaysian Institute of Accountants which is in accordance with the requirement of Paragraph 15.09(1)(c) of the MMLR where at least one (1) member of the BAC must be a qualified accountant. The Chairman of BAC is not a Chairman of the Board.

During the year under review, the composition of the BAC is as follows:

Name/Directorship	Designation
Gladys Leong (Senior Independent Non-Executive Director)	Chairperson
Keith Taylor (Independent Non-Executive Director)	Member
Ausmal Kardin (Non-Independent Non-Executive Director)	Member

Meetings

In FY2023, the BAC met six (6) times and details of each BAC members' attendance are as follows:-

Members	No. of meetings attended
Gladys Leong	6 out of 6
Keith Taylor	6 out of 6
Ausmal Kardin	6 out of 6

GOVERNANCE

Board Audit Committee Report

Summary of the BAC's Activities in FY2023

- a) Financial and Annual Reporting
- Reviewed unaudited quarterly financial statements, related press releases and announcements, changes in accounting policies (if any), significant matters in relation to financial issues, going concern assumption, compliance with accounting standards and other regulatory requirements, before recommending them for approval by the Board.
 - Reviewed the annual audited financial statements of the Company together with the Directors' and Auditor's Statement to ensure the statements complied with financial reporting standards and regulatory requirements.
 - Reviewed the significant judgments made by Management and significant matters highlighted by the external auditors on accounting and auditing matters.
 - Reviewed and recommended for the Board's approval, the CG Overview Statement and CG Report Card, the Statement on Risk Management and Internal Control and the BAC Report for inclusion in the Integrated Annual Report 2022.
- b) Internal Audit
- Reviewed the long-term and annual internal audit strategy and plan, to ensure adequate scope and comprehensive coverage of the activities of the Group.
 - Reviewed the internal audit reports issued by GIA on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
 - Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on all significant and secondary audit issues raised and ensured all major findings raised were properly investigated.
 - Reviewed the effectiveness and adequacy of the audit process, manpower and financial requirements of GIA to execute audit exercises.
 - The Chairperson of BAC held private sessions with the Head of GIA on audit reports and any internal audit-related matters when there were issues of concern.
 - Assessed the performance of GIA on a half yearly basis in terms of experience and technical knowledge of internal auditors, the objectivity of GIA, quality of audit findings and recommendations made on corrective actions, adequacy of assurance to the Board in respect of governance and internal controls and the relevancy of audit findings to the business operations of the Company.
- c) External Audit
- Reviewed the external auditors' terms of engagement, audit plan, strategy and scope of work for the financial year.
 - Reviewed the results and significant issues arising from the external audit exercise for the financial year and the resolution of issues highlighted in their report to the BAC for Management's response and action.
 - Assessed the suitability, performance, effectiveness, objectivity and independence of the external auditors and made recommendations to the Board on their appointment and remuneration.
 - Held two (2) private discussions with the external auditors twice during the year without the presence of Management, ensuring no restrictions on the scope of their audit and to discuss any matters that they may wish to present.
 - Discussed the external audit fees and non-audit fees proposed in respect of the scope of work required for the financial year and recommended the same for approval by the Board.
 - Reviewed the annual assessment of external auditor in respect to their statutory audit services for financial year 2022. Based on the assessment, the BAC was satisfied with the services rendered by external auditors. The BAC recommended the re-appointment of external auditor for the financial year 2023 for the shareholders' approval at the Company's Annual General Meeting.

Board Audit Committee Report

- d) Related Party Transactions
- Reviewed related party transaction and recurrent related party transaction entered by the Group on a quarterly basis and ensure all transactions are carried out on arm's length basis.
- e) Conflict of Interest
- Reviewed potential conflict of interest situations that may arise and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the amendment of the MMLR in May 2023.
- f) Other Activities
- Reviewed the Quarterly Update on Whistleblowing cases summary from Compliance Unit.

GIA submits their findings and recommendations on audit issues to the MD & CEO of the Company at audit close-out meetings to share the issues that may have arisen during such audits. Subsequently, the reports together with deliberations at the audit close-out meetings are tabled at the BAC meetings for comments and further guidance, if any.

At the Board of Directors' meetings, the Chairperson of the BAC highlights key audit issues, overall decisions and resolutions made during the BAC meetings to the Board members. Annually, an assessment of GIA's performance and independence would be carried out by BAC.

During the year under review, GIA had carried out twelve (12) audits per the approved internal audit plan.

In addition, the Investigation Unit of GIA investigated matters arising from whistleblowing and internal audit. The outcome of these investigations were reported to the Management for further action.

The total cost incurred for the internal audit function for the year under review was RM2.06 million.

Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)

The Company has put in place Guidelines on Related Party Transactions and Recurrent Related Party Transactions for MHB group. It contains guidelines and procedures to ensure that RPTs and RRPTs are entered into on normal commercial terms and at arm's length basis and not detrimental to the Company's minority shareholders.

Bursa Malaysia has granted MHB exemption from having to seek shareholders' mandate for RRPT with PETRONAS, MISC Berhad and their respective Group of Companies. Essentially, the exemption provides that the exempted RRPTs must be transacted on an arm's length basis.

The BAC performed a quarterly review of all Recurrent related party transaction (RRPT) entered into by the Group during the year under review to ensure compliance with MHB's Guidelines on RPTs and RRPTs for MHB Group and has reviewed the RRPTs detailed on page 184 of the Integrated Annual Report. The BAC is of the view that transactions were entered into on normal commercial terms, at arm's length basis and not detrimental to the Company's minority shareholders.

Internal Audit Functions and Activities

The BAC is supported by the MHB Group Internal Audit (GIA) Division in the discharge of its duties through independent scheduled audits to ensure effective risk monitoring, internal controls, governance process and compliance procedures to provide the level of assurance required by the Board. GIA is headed by a General Manager, Lau Jung Ching, who has a double degree: Bachelor of Business (major in Accounting) and Bachelor of Computing (major in Information System). In addition, he is a member of the Certified Practising Accountant (CPA) of Australia and a Certified Internal Auditor as awarded by The Institute of Internal Auditors (IIA). The Head of GIA is supported by a team of sixteen (16) personnel. The internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence.

In executing the internal audit engagement, GIA refers to the standards and guidelines outlined in the Institute of Internal Auditors' International Professional Practices Framework and the Integrated Internal Control Framework by the Committee of Sponsoring Organisations of the Treadway Commission. The conduct of internal audit works is also governed by the MHB Internal Audit Charter and GIA's established procedures and guidelines.

In conducting their independent audits, GIA places emphasis on a risk-based auditing approach which forms an integral part of the audit plans. The key in solving lapses in internal control is the disciplined execution of the audit plans, submission of audit findings, recommendations on audit issues and close follow-up of the Agreed Corrective Actions which are encompassed in the audit reports. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

GOVERNANCE

Board Audit Committee Report

The BAC was satisfied with the methods and procedures for determining the price and terms of the RRPTs of the MHB Group which are aligned with the Independent Adviser’s opinion by PricewaterhouseCoopers Capital Sdn Bhd (“PwCC”) dated 4 April 2012 which was first published in the Company’s Annual Report for the financial period ended 31 December 2012.

The RRPTs entered into by the Group during the year under review are set out below:-

Nature of Transaction	Transacting Party	Related Party
a) Revenue - Provision of oil and gas engineering and construction	<ul style="list-style-type: none"> PETRONAS Carigali Sdn Bhd Carigali-PTTEPI Operating Co. Sdn Bhd 	PETRONAS ¹
b) Provision of dry docking and repairs of vessels	<ul style="list-style-type: none"> MISC Offshore Floating Terminals (L) Limited AET Bermuda Holdings Limited Eaglestar Shipmanagement (L) Pte Ltd PETRONAS Floating LNG1 (L) Ltd PETRONAS Floating LNG2 (L) Ltd 	MISC ²
c) Plant turnaround shutdown maintenance	<ul style="list-style-type: none"> Malaysian Refining Co. Sdn Bhd Idemitsu SM (Malaysia) Sdn Bhd 	PETRONAS ¹
d) Purchase of oil products from PETRONAS Group	<ul style="list-style-type: none"> PETRONAS Dagangan Berhad PETRONAS Smartpay Centre Sdn Bhd PETRONAS Lubricants Marketing (Malaysia) Sdn Bhd 	PETRONAS ¹
e) Provision of services/sale of equipment and materials	<ul style="list-style-type: none"> PETRONAS Gentari Renewables Sdn Bhd PETRONAS Technical Training Sdn Bhd Industrial Gases Solutions Sdn Bhd PETRONAS Management Training Sdn Bhd MISC Malaysia Maritime Academy Sdn Bhd AET Bermuda Holdings Limited 	PETRONAS ¹ MISC ²

¹ PETRONAS is a major shareholder of the Company, being the holding company of MISC.

² MISC is a major shareholder of the Company.

GLADYS LEONG
Chairperson
Board Audit Committee

Board Risk Committee Report

Overview

The Board Risk Committee (BRC) assists the Board in overseeing MHB’s risk management framework, policies and practices and MHB’s sustainability matters including Environmental, Social and Governance (ESG). It continues to review and evaluate any major bids as well as corporate proposals to ensure the Group’s interests are protected by assessing the risk exposure during the course of bidding and negotiations.

Terms of Reference

The TOR of the BRC which sets out the authority, duties and responsibilities of the BRC is guided by the best practice of the Malaysia Code of Corporate Governance 2021 (MCCG 2021).

The BRC’s TOR is available on MHB’s corporate website at www.mhb.com.my.

Composition

The composition of the BRC complies with Step-Up Practice 10.3 of MCCG 2021 which recommends that the BRC should comprise a majority of independent directors.

Name/Directorship	Designation
Keith Taylor (Independent Non-Executive Director)	Chairman
Wan Yusoff Wan Hamat (Independent Non-Executive Director)	Member
Raja Azlan Shah Raja Azwa (Non-Independent Non-Executive Director)	Member

Meetings

In FY2023, the BRC met six (6) times and details of each BRC members’ attendance are as follows:-

Members	No. of meetings attended
Keith Taylor (Independent Non-Executive Director)	6 out of 6
Wan Yusoff Wan Hamat (Independent Non-Executive Director)	6 out of 6
Raja Azlan Shah Raja Azwa (Non-Independent Non-Executive Director)	6 out of 6

Functions of the BRC and related activities in FY2023

a) Risk Management

The BRC reviewed, evaluated and made appropriate recommendations to the Board on the following matters:

- Adequacy and effectiveness of MHB’s Risk Management Framework to ensure appropriate systems and processes are in place
- MHB’s Enterprise Risk Management (ERM) Risk Profile and Project Risk Profile to monitor and manage identified risks effectively
- MHB’s level of risk tolerance
- Overcoming Project Delivery Challenges (OPDC)
- Sustainability matters including Environment, Social and Governance (ESG)
- Any other matters as defined by the Board and Board Committees

b) Bid Submission

The BRC reviewed bid proposals to ensure that they were in the best interest of the Group and at a reasonable profit margin that commensurate with the project risks. The BRC’s recommendation was based on, amongst others, Management’s confirmation that proper risk assessments had been carried out with mitigating factors identified, that the Group has the technical capabilities and competencies to meet potential technical challenges and that the financial position of the Group is adequate to undertake the projects.

During the year under review, in accordance with the MHB Limits of Authority (LOA), the BRC has reviewed and recommended bid proposals for several large-value projects.

c) Overcoming Project Delivery Challenges (OPDC)

OPDC, an initiative sponsored by the Chairman of the BRC, was launched in 2022. It initially aims to tackle challenges within the Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC) in the Heavy Engineering Segment, with a key focus on closing gaps in Platform, Process, and People (3P). Within the year, the OPDC exercise successfully addressed critical aspects of project delivery challenges such as streamlining the bidding processes, digitalisation of vendor management and enhancing Front-End Engineering Design processes.

GOVERNANCE

Board Risk Committee Report

In FY2023, OPDC’s focus shifts towards enhancing Project Execution to ensure both timely delivery and project profitability. The six (6) core initiatives under this heading are the establishment of Project Management System (PMS), Project Delivery Framework, Assurance Review Process and Procedure, HEO Project Management Office (PMO) Organisation Transformation, Project Management Dashboard and Training and Development. As of December 2023, this initiative has achieved significant progress, with noteworthy accomplishments such as the establishment of the Lesson Learned system under PMS initiatives, successful completion of the Project Management Dashboard and implementation of HEO Project Management Office (PMO).

d) Sustainability

The BRC provides oversight on MHB’s sustainability matters which include ESG. The BRC reviewed, evaluated, reported and made appropriate recommendations to the Board on the determination of the Company’s sustainability strategy in alignment with its business strategy and objectives.

For the year under review, the BRC has endorsed and recommended to the Board, MHB’s Sustainability initiatives based on the strategic priorities incorporated in the MHB Sustainability Framework which includes the manhour-based intensity metric basis for MHB’s carbon intensity reduction target setting.

Elements of the Sustainability Framework are incorporated into the Board’s KPI and the Company’s Balanced Scorecard to ensure meaningful implementation of the principles of sustainability and ESG.

KEITH TAYLOR
Chairman
Board Risk Committee

Statement on Risk Management and Internal Control

MHB HAS A STRUCTURED RISK MANAGEMENT FRAMEWORK AND STRONG INTERNAL CONTROLS SYSTEMS IN PLACE TO ENSURE THE SMOOTH RUNNING OF OUR BUSINESS.

MHB’s Board of Directors (“Board”) is pleased to provide this Statement on Risk Management and Internal Control which outlines the nature and scope of the Group’s risk management and internal controls for FY2023 that is in accordance with Paragraph 15.26(b) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

ACCOUNTABILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound internal control system and a robust risk management practice for good corporate governance with the objective of safeguarding the shareholders’ investment and the Group’s assets.

The Group has established a process for identifying, evaluating, treating, monitoring and managing critical risks that may materially affect the achievement of our corporate objectives. The Board monitors the critical risks regularly.

The Board further affirms its overall responsibility for reviewing the adequacy and integrity of the Group’s risk management and internal control systems. In discharging its responsibilities, the Board is supported by MHB Board Risk Committee (“BRC”) and Board Audit Committee (“BAC”) to oversee the risk management and internal control system during FY2023.

The Board recognises that these internal control systems can only provide a reasonable and not absolute assurance that significant risks which may impact the Group’s strategies and objectives are within levels appropriate to the Group’s business as approved by the Board.

RISK GOVERNANCE STRUCTURE

Our risk governance structure facilitates the flow of information and effective oversight on the execution of risk management initiatives within MHB. The structure provides clear roles and responsibilities as well as facilitates the implementation with guidelines and tools with different layers of responsibilities as shown below:

RISK GOVERNANCE STRUCTURE	
BOARD OF DIRECTORS (BOD) Responsible for the overall effective oversight of MHB’s risk management system and activities.	
BOARD COMMITTEE LEVEL	BOARD RISK COMMITTEE (BRC) <ul style="list-style-type: none"> • Provide guidance and oversight on MHB’s risk management activities. • Conduct review and endorse MHB’s risk profile. • Deliberate risk assessment for high impact business matters.
MANAGEMENT LEVEL	RISK COUNCIL (RC) <ul style="list-style-type: none"> • Ensure the implementation and effectiveness of MHB’s risk management practices.
CUSTODIAN LEVEL	RISK MANAGEMENT DEPARTMENT (RMD) <ul style="list-style-type: none"> • Act as RC Secretariat. • Review and monitor risk reporting on quarterly basis.
OPERATIONAL LEVEL	RISK OWNER (RO) <ul style="list-style-type: none"> • Implement risk management processes at respective units.

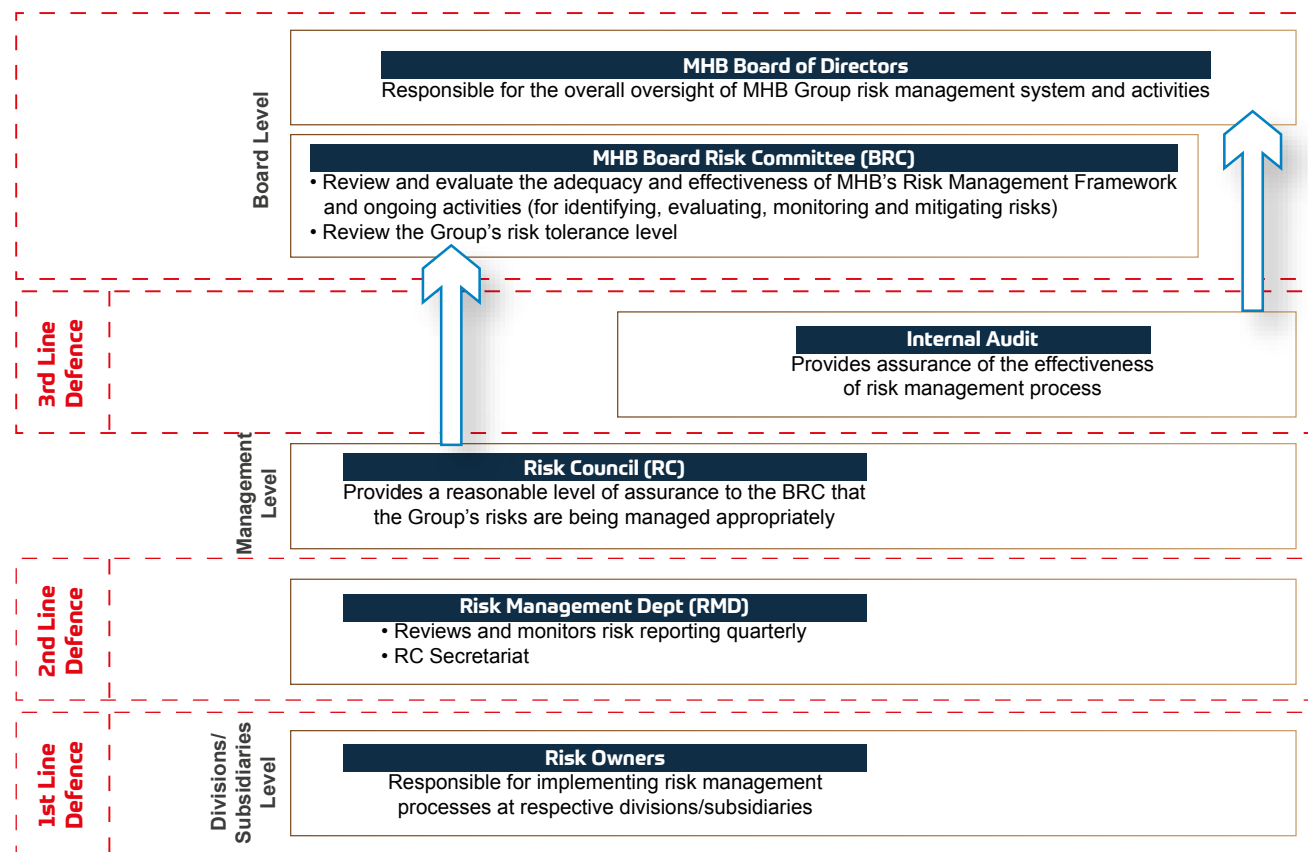
The RC meets at least on quarterly basis to assess and discuss risk management issues affecting MHB prior to deliberation at the BRC and BOD.

GOVERNANCE

Statement on Risk Management and Internal Control

THREE LINES OF DEFENCE MODEL

Apart from our risk governance structure, our risk management is supported by the 3 Lines of Defence Model that distinguishes the three groups which are involved in effective risk management.



RISK POLICY

The MHB's Risk Policy emphasises our commitment to become a risk resilient organisation with a stronger risk culture and ownership within the organisation. The Policy has been adopted and communicated across the Group as follows:

MHB is committed to become a risk resilient organisation. MHB shall continuously strive to implement:

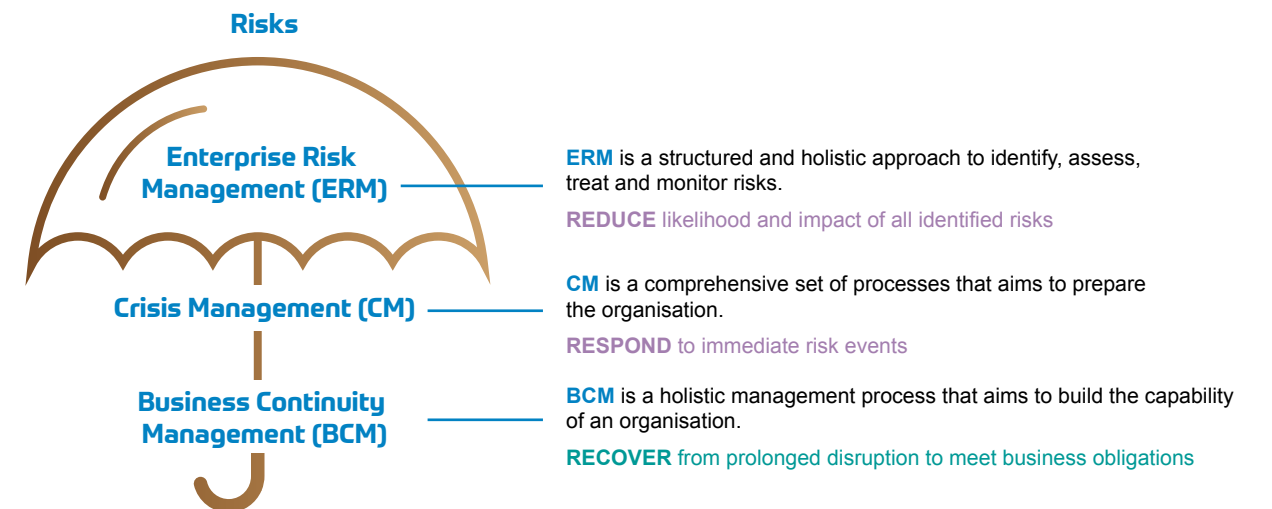
- Risk management best practices to protect and create value within the set boundaries; and
- Risk based decision-making by providing a balanced and holistic view of exposure to achieve business objectives.

Managing risk is everyone's responsibility.

Statement on Risk Management and Internal Control

PETRONAS Resiliency Model

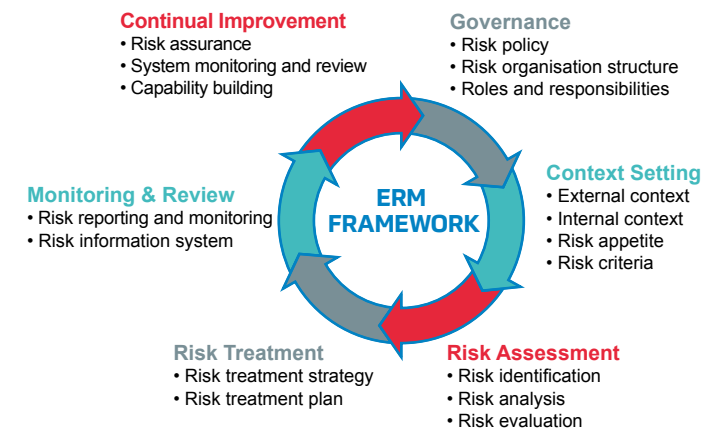
MHB adopts the PETRONAS Resiliency Model which comprises of Enterprise Risk Management ("ERM"), Crisis Management ("CM"), and Business Continuity Management ("BCM").



ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

MHB has established the MHB Enterprise Risk Management Framework ("ERM") and MHB ERM Guideline in 2023, which were adopted and adapted from MISC ERM Framework and MISC ERM Process Manual respectively to manage risk across MHB. Our Framework and relevant guidelines are also aligned with the Principles and Guidelines of ISO 31000:2018.



CORPORATE RISK PROFILE

Our Corporate Risk Profile ("CRP") is developed on annual basis to identify the critical risks as well as emerging risks which may impede the achievement of MHB Business Plan. The CRP is deliberated at Management Risk Council, BRC and MHB Board on quarterly basis.

RISK ASSESSMENT IN DECISION-MAKING

Meeting papers under the category of decision and discussion that are tabled to MHB Board or Board Committee or MHB Subsidiary Board require risk assessment to provide decision makers with a balanced view of exposure associated with the decision and considering the level of risks they want to take and implement necessary controls to achieve the desired business objectives.

PROJECT RISK ASSESSMENT

Project risks are assessed at different stages of a project life to support project owners in effectively managing and reporting risks associated with projects, starting from Pre-Qualification, Bid Proposal, Project Execution until Project Closeout stage.

GOVERNANCE

Statement on Risk Management and Internal Control

CRISIS MANAGEMENT

Crisis management is the strategic process of identifying, preparing for, responding to, and recovering from unexpected events or emergencies that pose a significant threat to an organisation's operations, reputation, and stakeholders.

MHB has established Crisis Management Plan ("CMP") in 2023 to provide clarity in managing a crisis arising from an incident or emergency that has significant impact on People, Environment, Asset, Reputation, Financial and System ("PEARFS"), which may result in significant business disruption and damage to reputation.

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management ("BCM") is the systematic process of developing and implementing strategies to ensure a business can maintain essential functions during and after disruptions, safeguarding its resilience and minimising downtime.

MHB Business Continuity Plan ("BCP") for office and yard has been established to provide guidance and detailed recovery strategies to facilitate successful resumption of business activities in the event of prolonged disruption. Our Business Impact Analysis ("BIA"), which identifies critical business functions and resources that are essential for the survival of the organisation in the event of prolonged business disruptions, is being reviewed annually to ensure a thorough risk assessment, analysis and mitigation for any organisational changes.

SUSTAINABILITY AND CLIMATE-RELATED RISK

MHB's sustainability risks cover a broad range of issues, with climate change representing one of our main risks. The Group recognises the importance of sustainability risks and the potential impacts of climate change on our business operations and services. Hence, the Group has developed and implemented its sustainability strategy, which comprises five key Sustainability Pillars (i.e., Financial, Environmental, Social, Governance and Stakeholder Engagement) to mitigate the sustainability risks and the potential impacts of climate change.

Sustainability and climate risks are managed in the same way as other business risks, they are embedded into MHB overall risk management system. These risks are continually identified during the annual risk profiling workshop to align them with MHB strategic direction. On quarterly basis, the Board and BRC will oversee and deliberate on the identified risks and progress of their respective mitigation plans. By addressing these risks, MHB would be able to future-proof the business and demonstrate leadership in sustainability among its peers. Further information on MHB's approach towards sustainability is provided in the

Sustainability Statement on pages 88 to 151 of the Integrated Annual Report and the Climate-Related Financial Risks and Opportunities section which can be found on pages 97 to 107 of the Sustainability Statement.

KEY PROCESSES OF THE GROUP'S INTERNAL CONTROL SYSTEM

The process of governing the effectiveness and integrity of the internal control system was carried throughout the various areas as follows:

1. BAC was chaired by Ms Gladys Leong, the Senior Independent Non-Executive Director and operated in accordance with its terms of reference in ensuring that there was effective financial risk monitoring, internal controls and corporate governance to provide the level of assurance required by the Board.
2. MHB Group Internal Audit ("GIA") Division, which functionally reports directly to BAC, performed independent planned approved audits within the Group in evaluating and assessing the effectiveness of risk management, internal controls and governance processes. GIA also conducted additional assurance assignments and special reviews arising from any potential irregularities upon request by the Management or BAC. BAC reviewed, deliberated, and endorsed the annual and long-term audit plans and strategies including the scope of work and resources. Results of the audit engagements were presented and deliberated during quarterly BAC meetings.

GIA focused on disciplined execution of audit plans, submission of audit findings, recommendations on audit issues and close follow-up of the Agreed Corrective Actions ("ACAs") which were incorporated in the audit reports. GIA monitored the status of implementation of these ACAs through the Quarterly Audit Status Report which were recorded and analysed. The consolidated reports were submitted and presented to the BAC for deliberation and endorsement on quarterly basis.

In addition, BAC conducted half-yearly and yearly review and assessment on the adequacy of GIA's scope of work, functions and resources including its annual plan and strategy. The execution and conduct of internal audit work were governed by the Internal Audit Charter which was approved by the BAC.

GIA had also performed investigations on whistleblowing and non-whistleblowing cases, of which results for the former were reported to the Management and BAC for further action. For non-whistleblowing cases, the investigation results were reported to the Management.

Statement on Risk Management and Internal Control

3. Bid Approval Committee ("BiAC"), chaired by the MD & CEO was responsible to ensure various project-related risks were identified and evaluated during the bidding stage. The risk assessment activities included a review of the detail Scope of Work as per Invitation to Bid requirement, proposed Contractual terms and conditions, deviations as well as proposed Commercial and Technical qualifications combined with identification of key risks and mitigation plans. BiAC will propose a bid approach method and negotiation strategy for the bid during the assessment. BiAC will also ensure the bid proposal is fair and reasonable and likely to allow the Group to make a reasonable profit margin commensurate with the project risks. All BiAC members are Management Committee ("MC") members. In the event the value of the bid is above a certain threshold, the bid proposal is escalated to the BRC and thereafter to the Board.
5. The MC was established to assist the MD & CEO in the day-to-day operations of the Group focusing on the execution of approved plans, strategies and budgets and to make appropriate recommendations to the Board towards achieving the Group's business objectives. The MC is chaired by the MD & CEO and comprises of his certain direct reports. The profile of the MC members including their academic / professional qualifications and past professional work experiences are detailed on pages 152 to 165 of this Integrated Annual Report.

The MC meets at least once every month with the participation of certain other key members of the Management as and when necessary to ensure a more robust and informed deliberation on specific subject matters.

The MC's main duty is to review the performance of the Group against targets, approved plans and budgets and to deliberate on any measures necessary to improve the Group's performance in line with the Group's vision and mission. During the period under review, the MC has reviewed certain aspects of the Group's business, operational and quality processes and identified several areas that require improvements to mitigate and prevent issues that have partly contributed to extended project completion dates and cost escalations. The MC will continue to review, monitor, track these improvement actions and undertake the necessary interventions to ensure their smooth and effective implementation. The MC also reviews, deliberates, endorses, and recommends all strategic, commercial and operational papers which are to be approved by the Board as well as the Group's standard operating procedures and guidelines.

4. Senior Management sets the tone for an effective control environment and work culture in the organisation through the Group's vision, mission and brand pillars developed to focus on the importance of our Shared Values:

- Loyalty – Loyal to the corporation
- Integrity – Honest and upright
- Professionalism – Strive for excellence
- Cohesiveness – United, trust and respect for each other

The importance of these shared values is manifested in the adoption of the MHB Code of Conduct and Business Ethics ("CoBE") applicable to every staff at all times. Staff are required to strictly adhere to CoBE when performing their duties and in their interface and engagements with external parties and stakeholders. MHB has also introduced the People Agenda to its workforce as a commitment that provides a clear direction and principles in delivering Employee Value Propositions (EVPs) to every employee. The People Agenda comprises 6 EVPs namely Performance, Progression, Purpose, Team, Leadership and Culture, which will be used as a directional compass for our strategic decisions and to align Management's efforts in creating a competitive advantage for the organisation. At the same time, Management recognises the importance of leadership development in ensuring that the organisation has a continuous pipeline of strong and capable leaders in the future. The MHB Leadership Competencies and MHB Cultural Beliefs are strategically used to steer the actions and behaviours of our current and potential leaders towards the desired direction.

6. Health, Safety and Environment Management Committee ("HSE MC") chaired by the MD & CEO is responsible for setting the overall direction on Health, Safety and Environment ("HSE") vision, mission, values, objectives, strategies, action plans, goals and resources; to continuously meet legal compliance, customer expectations, standards alignment and industry best practices. HSE MC also drives Value-added Performance Measurements to ensure HSE risks are managed to As Low As Reasonably Practicable ("ALARP") by carrying out mitigation programmes which are reviewed annually.

Every employee of MHB is obligated to work safely, to co-operate and act responsibly to prevent injury to himself / herself and to others, property damage as well as to the environment.

Our HSE objectives are of equal importance with our fundamental business objectives.

GOVERNANCE

Statement on Risk Management and Internal Control

In pursuance of this policy and in adherence to all legislative and other requirements with the commitment to achieve continuous improvement, MHB will endeavour to:

- Prevent all accidents, occupational diseases and fire,
- Prevent damage to property, plant and equipment,
- Protect and conserve the environment,
- Implement a safe system of work,
- Promote HSE awareness and provide training to MMHE employees to achieve our HSE objectives,
- Provide forum for consultation and participation of key stakeholders on relevant HSE aspects,
- Regularly review our activities to eliminate hazards and reduce HSE risks,
- Safeguard the relevant interests of the applicable interested parties and
- Ensure that appropriate contingency measures are in place to deal with emergencies.

HSE Assurance audits were carried out on the respective business segments, subsidiaries and selected contractors/service providers by Corporate HSE with the objective to verify, evaluate and review the HSE Management System (“HSEMS”) as well as operational activities. This is to ensure alignment with our policies, meets legal and regulatory requirements as well as industrial best practices.

7. Quality Steering Committee (“QSC”) was established to demonstrate leadership and commitment to establish, implement, maintain, and continually improve the Quality Management System (“QMS”) throughout the Group. The Committee’s duty is to review, deliberate, endorse, communicate and promote the following:

- Quality Policy, Objectives, Quality Target and Performance and action plans,
- Quality Management Plan and its activities,
- Potential opportunities for quality and process improvements throughout the Group,
- Essential resources to establish, implement, maintain and improve the QMS that significantly affect the Group’s business operations,
- Ensure the integration of QMS requirements into the Group’s business processes,
- Monitor the effectiveness of action taken to resolve non-conformities and non-compliance issues,
- Analysis of customer satisfaction results and comments including required corrective measures to address customer feedback and
- Assessment on the adequacy of resources including competent people, budget and infrastructure.

QSC which sits annually during Management Review, is chaired by the MD & CEO and comprises MC members to ensure effective stewardship of the Group’s QMS.

Quality Assurance audits were also carried out on the respective business segments, subsidiaries, selected contractors/service providers and vendors by Corporate Quality and Assurance with the objective to verify, evaluate and review the QMS as well as operational activities. This is to ensure alignment with our policies, meet legal and regulatory requirements as well as industrial best practices.

8. Corporate Security Unit (“CSU”) provides effective security control measures and enforces their implementation based on clear policies, procedures and framework with the aim to comply with and continuously monitor adherence to established industry security standards as well as international security standards in accordance with the Group’s business continuity requirements.

OTHER SIGNIFICANT ELEMENTS OF INTERNAL CONTROL SYSTEM

1. The Board reviews quarterly reports from Management on key operating performance, legal, environmental and regulatory matters. Financial performance is deliberated at the MC and tabled to the BAC and Board on quarterly basis.
2. Limits of Authority (“LOA”) manual provides a sound framework of authority and accountability within the organisation and facilitates sound and timely corporate decision-making at the appropriate level in the organisation’s hierarchy. The LOA is regularly reviewed and any revisions were deliberated and approved by the Board to ensure its continued relevance and effectiveness, taking into account ongoing business requirements.
3. The Group performs a comprehensive Annual Planning and Budgeting Exercise which involves the development of business strategies for the next seven years to achieve the Group’s vision and MHB30 target. The long-term strategies are supported by initiatives to be accomplished in the upcoming year and for effective implementation, the initiatives are tied to specific measurable indicators which are evaluated against the relevant business / service units and subsidiaries’ deliverables. The Group’s strategic directions are reviewed annually taking into account current progress levels and other indicators such as the latest development in the industry, changes in market conditions and significant business risks. In addition to this, the Group’s business plan is translated into budgetary numbers for the next seven years and presented to the Board for deliberation and

Statement on Risk Management and Internal Control

approval. Key Performance Indicators, including financial targets are reviewed by the Nomination and Remuneration Committee and the Board on half-yearly basis.

4. Project Management Review Committee (“PMRC”) is established to monitor project monthly progress and performance including, but not limited to the project schedule and budget. PMRC meets every month in the Project Management Review (“PMR”) meeting together with the Project Management Team (“PMT”) to review, deliberate, endorse and recommend actions and plans in addressing and mitigating project issues including project progress, change and foreseen project risks. PMRC discusses in detail the project execution schedule, project costs report and monthly evolution of the project budget as well as recommends the control measures to ensure any foreseen schedule and costs overrun as well as key risks are mitigated. Potential opportunities arising from any change to the project are also discussed and strategies for change orders or cost recovery from client would be endorsed by PMRC. Prior to the PMR meeting, Project Management team will have one round of thorough discussion and presentation pre-PMR with Senior General Manager Heavy Engineering Operations as the preparation for the PMR with the Management.

In addition to the PMR, Project Management Operation (“PMO”) has also been established as a platform for the PMT to highlight the overall project status and development. PMT will closely monitor the project schedule, specific critical items and identify any risk mitigation actions with the objective to ensure successful project deliveries on a timely manner and meeting clients’ requirements. This forum covers all disciplines and departments as an integrated joint effort function to mitigate any potential risk and focus on managing the potential impact on the overall project performance perspective. The frequency of PMO sitting is subject to the project progress status and the extent of intervention required to support the project.

5. The Group continues to implement the PETRONAS Financial Reporting Control (“FRC”) with regular updates. The principal objective is to enhance the quality of the Group’s financial reports through a structured process in ensuring the adequacy and effectiveness of key internal controls operating at various levels within the Group at all times. FRC requires among others, documentation of process workflows, key controls, and remediation of control gaps as well as regular testing of control effectiveness.

On a half-yearly basis, each key process owner at various management levels is required to review and report the adequacy and the effectiveness of the key internal controls and to sign-off a Letter of Assurance on a yearly basis which provides confirmation

of compliance to key internal controls for the areas of the business for which he / she is accountable.

To ensure the integrity of financial risk management, the Corporate Finance and Financial Risk Management Unit under Finance Division continues to monitor and ensure effective and robust execution of financial risk management through implementation of the MHB Financial Policy (“the Policy”), which was rolled down from the PETRONAS Financial Policy and MISC Financial Policy. The Policy anchors on MHB Group’s commitment to become a financially resilient organisation. The Policy supports the following objectives:

- Sets the overarching philosophy on commitment towards becoming financially resilient for longer term sustainability through efficient capital and liquidity management principles,
- Ensures efficient capital and liquidity management amidst challenging and volatile business landscape,
- Sets clear tone in shaping financial management and financial risk management practices for the organisation and
- Emphasises integration between Finance (Financial Management and Financial Risk Management) with businesses, to ensure business strategies integrate appropriate financial management and financial risk management consideration in the overall strategy.

6. The Group continues to monitor debt covenants on its external borrowings on quarterly basis, to ensure that they are observed and complied with under the PETRONAS Debt Compliance Management reporting framework.

7. The Group has adopted the PETRONAS and MISC Tax Policy which anchors on MHB Group’s commitment to become a responsible taxpayer. This is achieved by complying in good faith with all applicable tax laws, regulations, guidelines, and international tax treaties as well as settling tax obligations when legally due, as company and employer; and maintaining cooperative working relationships with tax authorities. Adherence to this Policy is everyone’s responsibility by referring all tax related matters to the appropriate parties.

8. MHB Credit Committee (“MCC”) assumes an advisory role to MHB Management on matters pertaining to credit risk management and also proactively evaluates, reviews and monitors MHB’s credit risk exposure, makes recommendations to the Management on appropriate credit risk mitigation actions to minimise credit risk exposure and to review specific customer accounts as well as overall credit performance. The MCC convenes every month, chaired by the Chief Financial Officer (“CFO”) and comprises selected members of the Management from different backgrounds to ensure robust quality of deliberation and review.

GOVERNANCE

Statement on Risk Management and Internal Control

9. There is a clear procedure for investment appraisal for equity investment or divestment or major Capital Expenditure (“CAPEX”) / investments. For major CAPEX / investments, a specific review will be conducted by a Technical Review Committee (“TRC”), chaired by the Senior General Manager, Supply Chain and Site Services to deliberate the technical aspects and risks whilst the commercial feasibility of the CAPEX / investment will be deliberated by the Management during the MC meeting before submission to the Board for approval. TRC also reviews, deliberates and endorses the annual CAPEX plan during the Annual Planning and Budget Exercise to ensure alignment to the Group’s strategic priorities and key results areas.
10. The Contract Award Committee (“CAC”) is a corporate committee established to assist the approving authority in finalising the overall contracting strategies for new projects, strategic procurement contracts and variation orders exceeding certain thresholds. CAC ensures that procurement costs are within approved budget and tendering activities are conducted in compliance with Group policies, contracting strategy and contractual requirements are in the best interest of the Group and value-for-money and best deals are achieved before the Group enters into any actual procurement activities. CAC is chaired by the Senior General Manager, Marine Business and comprises members from multiple disciplines who provide balanced perspectives and views in defining the required contracting and purchasing strategies.
11. The professionalism and competency of our current employees are enhanced through structured development programmes, while potential entrants are subject to a stringent selection process. A Performance Management System has been established with performance and behaviour indicators put in place to review and measure employees’ deliverables and conduct. Development plans to address specific employees’ needs, in order to bridge their competency gaps, are systematically identified, prepared and implemented in a timely manner to maximise their impact. This is to ensure that all employees are able to deliver the expected performance within their respective scope of responsibilities in order for the Group to achieve its business targets. The development and progression of employees at the levels of senior manager and above are deliberated and closely tracked at the Management Development Committee (“MDC”) which is chaired by the MD & CEO, whereas the career growth for the rest of the employees is reviewed and monitored at the Executive Development Committee chaired by the Senior General Manager, Human Resource.

A structured Succession Planning framework was devised and executed to manage the Group’s leadership pipeline. The selection process considers the potential successor’s performance track

record, leadership capacity, and career aspirations. The framework also includes a development plan tailored to each individual in order to prepare the identified successor to assume the critical positions as and when possibilities for advancement emerge. The MDC conducts a unique talent evaluation session bi-annually to continuously assess and gauge the identified talents’ suitability and their readiness for the position. Employees were also benchmarked across the board using the Functional Competency framework to ensure that the workforce throughout the organisation satisfies the required job requirements. The goal of this framework is to ensure that a predetermined level of competency and aptitude is attained through the holistic developmental process. The framework requires all employees to be evaluated on a regular basis for their respective functional tasks and roles. Following that, employees are empowered to identify, propose, and manage appropriate intervention plans to overcome their competency gaps through discussion with supervisors or line managers. The Performance Management System, Succession Plan, Development Committees, as well as the Functional Competency and Leadership Competency frameworks clearly illustrate the Group’s strong commitment to raising the bar for MHB’s staff and future leaders.

12. Whistleblowing Committee (“WBC”) monitors and oversees the Group’s Anti-Bribery and Corruption (“ABC”) policy and Whistleblowing mechanism. Chaired by the CFO, the WBC includes selected members of the MC with relevant expertise. The WBC oversees ABC Policy implementation, including risk management, compliance with the regulatory and legislation and adherence to the COBE and ABC Manual. Integrity and Compliance issues are discussed by the WBC and recommendations are then presented to the BAC, the Governing body responsible for Anti-Bribery Management System (“ABMS”) initiatives. Any whistleblowing complaints against a member of Senior Management bypass the WBC and are directly escalated to the BAC for swift and independent investigation.
13. Information Technology Steering Committee (“ITSC”) plays an important role to ensure the development of an Information Technology (“IT”) strategic plan that is aligned with the organisation’s business strategy and promotes the optimisation of resources, enhances IT value delivery as well as enables effective measurement of performance. The ITSC ensures the alignment of all IT initiatives across the organisation, reviews the status of major IT projects, prioritises IT activities, reviews and formulates recommendations on major IT investments and initiatives. The ITSC also evaluates, deliberates, endorses and recommends major initiatives / projects and IT strategic plans for approval in accordance with the LOA. The ITSC comprises of selected members of the Management, meets quarterly or as and when the need arises and is chaired by the CFO.

Statement on Risk Management and Internal Control

The Group has adopted the 5-year MISC Cybersecurity Strategic plan under MISC Sustainability Strategy 2025 (Governance Pillar) to provide the roadmap for the continuous maturity of cybersecurity in MHB. The strategy aims to reach a Tier-3 NIST (National Institute of Standards and Technology) maturity level and achieving ISO 27001. MHB’s Information, Communication and Technology department has been designated as the custodian to ensure all these are effectively implemented with progress being tracked and reported through regular ITSC and MC meetings.

Cybersecurity risks are being addressed through the adoption of the following strategies:

- Cybersecurity Governance - Outlines the policies and procedures, specifying the cybersecurity control standards.
 - Cybersecurity Risk Management - Regular assessments on IT facilities are conducted to identify changes in risk profiles and ensure continuous improvement.
 - Cybersecurity Culture - Formal and structured cybersecurity campaigns and awareness programmes are conducted continuously. Ongoing cybersecurity announcements are done to provide security alerts and updates of cybersecurity incidents in developing a security culture where everyone understands that cybersecurity is everyone’s responsibility.
 - Cybersecurity Technology - Continuously adopts proven and cost-effective technology solutions in detecting and preventing cyber-attacks, as well as responding and recovering from cyber-attacks.
14. The Group is committed to uphold the principles of Human Rights in all areas of operations whilst complying with CoBE, as well as all applicable local and international laws and regulations. The Legal, Corporate Secretarial and Compliance Division in collaboration with the Human Resource Division are tasked to identify and address any Human Rights issues and their impacts from the Group’s operations by carrying out risk assessments and due diligence, developing relevant policies as well as proposing remedial actions to mitigate any risks identified.

15. The internal control system over the Group’s joint ventures consists of the Group’s effective representation on the Board of the respective joint ventures, placement of management staff as key employees of the joint ventures and through regular review of management accounts and inquiries thereon. These provide the Board with information for timely decision-making on the performance of the Group’s investments in the joint ventures. The Group’s representatives on the joint venture Board and on the management team are responsible to escalate any critical issues to the Board for further review and intervention as and when necessary.

16. The Board has received the assurance from the MD & CEO and the CFO that the risk management and internal control system of the Company and its subsidiaries for the year under review up to the date of approval of the statement is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Ernst and Young PLT, have reviewed this Statement on Risk Management and Internal Control for inclusion in the Integrated Annual Report for the financial year ended 31 December 2023, in compliance with paragraph 15.23 of the Listing Requirements in accordance with guidelines issued by the Malaysian Institute of Accountants, and reported to the Board that nothing has come to their attention to cause them to believe that the statement intended to be included in the Integrated Annual Report is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that the statement is factually inaccurate.

For the financial year under review, based on enquiry, information and assurance provided, the Board is satisfied that the system of internal control was generally satisfactory. Measures would continuously be taken to ensure ongoing adequacy and effectiveness of internal controls, and to safeguard the Group’s assets and shareholders’ investment.

This statement is made in accordance with the resolution of the Board of Directors dated 22 February 2024.

GOVERNANCE

Directors' Responsibility Statement

The Directors are responsible to prepare annual audited financial statements of the Group and of the Company in accordance with the provisions of the Companies Act, 2016 and the requirements of the Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board. The financial statements also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Directors are also responsible to ensure that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the financial records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of their financial performance and the cash flows for the financial year then ended.

In preparing the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023, the Directors have ensured that, the appropriate and relevant accounting policies were adopted and consistently applied, reasonable and prudent estimates were exercised and a going concern basis was adopted.

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

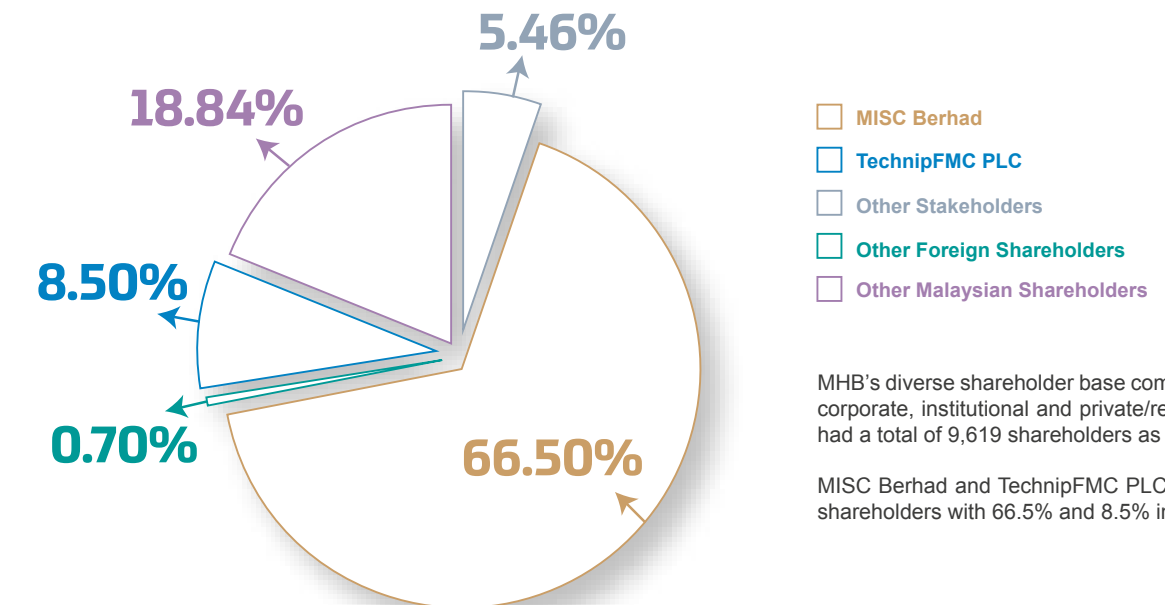
Investor Relations Report

“MHB continued fostering strong relationships with its investment community for the financial year ended 31 December 2023 by having transparent and concise communication.”

The Group's Investor Relations ("IR") acted as a vital conduit between investment community and Senior Management in establishing a fair and accurate representation of MHB. Engagement sessions were conducted in various modes for effective and efficient interactions.

MHB augmented its engagements by disclosing timely and comprehensive information. The corporate website www.mhb.com.my serves as a platform to disseminate quarterly financial results, Integrated Annual Reports, public announcements to Bursa Malaysia Securities, corporate presentations, AGM related materials, press releases and other corporate news.

Shareholder Base



Shareholding Structure as of 31 December 2023

MHB's diverse shareholder base comprises government agencies, corporate, institutional and private/retail shareholders. The Group had a total of 9,619 shareholders as of 31 December 2023.

MISC Berhad and TechnipFMC PLC remained MHB's substantial shareholders with 66.5% and 8.5% interest respectively.

Note: Other Shareholders include Urusharta Jamaah, Lembaga Tabung Angkatan Tentera (LTAT) and AmanahRaya Trustee Berhad


GOVERNANCE

Investor Relations Report

IR Programmes


IR created well-structured IR programmes that serve as avenues for investment community to gain valuable insights into MHB’s operation activities. These include strategic focus, financial performance, ESG initiatives and business prospects among others. It is essential to disseminate prompt and precise information for them to better understand the Group’s position in the current business environment and benchmark its performance.

Engagements were regularly made through the following platforms:




Quarterly Results Announcement

Timely disclosure of MHB quarterly results, corporate developments and all material announcements as required by Bursa Malaysia Securities under Main Market Listing Requirements (MMLR)



Virtual Analyst Briefing

Bi-annual analyst briefings co-chaired by MD & CEO and CFO following the release of first half and full year financial results to Bursa Malaysia Securities



Investment Community Engagement

One-on-one or small group meetings with fund managers and analysts from research houses throughout the year to provide periodic updates



Virtual Annual General Meeting

A yearly meeting for shareholders to share their feedback and to seek clarity on the Group’s annual financial performance, business highlights, project progress and strategic initiatives going forward from MD & CEO and the Board of Directors




Analyst Yard Visit

Visit to showcase MHB’s strengths and capabilities to promote greater understanding on MHB’s overall business operations by providing a firsthand look at yard infrastructure and ongoing project progress for both Heavy Engineering Business and Marine Business

Investor Relations Report

QUARTERLY RESULTS AND ANALYST BRIEFING



Q4 FY2022

10 Feb 2023
(Virtual Conference)

Q1 FY2023

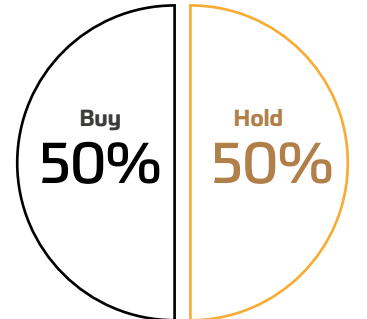
18 May 2023

Q2 FY2023

16 Aug 2023
(Virtual Conference)

Q3 FY2023

8 Nov 2023



Buy 50% | Hold 50%

as of 31 December 2023

Analyst Coverage and Recommendation

No.	Research House	Target Price (RM)
1.	BIMB Securities Research	0.94
2.	UOB Kay Hian	0.65
3.	RHB Research Institute	0.60
4.	TA Securities	0.53
5.	KAF Investment Bank	0.51
6.	MIDF Amanah Investment Bank	0.51

ANNUAL GENERAL MEETING



14 March 2023

Notice of 34th Annual General Meeting (Virtual) and Issuance of Integrated Annual Report and Audited Financial Statements for the year ended 31 December 2022



13 April 2023

34th Annual General Meeting (Virtual)
Venue
 Conference Room 2,
 Level 17, Menara Dayabumi,
 Jalan Sultan Hishamuddin,
 50050 Kuala Lumpur, Malaysia
Participants
 1,096 shareholders and proxies

GOVERNANCE

Investor Relations Report

ANALYST YARD VISIT

Analyst visits were organised to demonstrate MHB’s competence as a globally trusted energy and marine solutions provider for a wide range of heavy engineering facilities and vessels. Aside from that, the visits also helped nurture positive relationships with the investment community.

In 2023, equity research analysts and fund managers visited MMHE West Yard in Pasir Gudang, Johor. They were brought to fabrication areas and workshops as well as marine repair facilities at the yard.



Group photo with Encik Pandai Othman, former MD & CEO



Explanation on ongoing work progress for Kasawari project

CREDIT RATING

Malaysian Rating Corporation (MARC) has affirmed its AA- rating with a stable outlook to MHB’s Sukuk Murabahah Programme of up to RM1.0 billion.

FTSE4GOOD BURSA MALAYSIA INDEX

FTSE4Good Index Series is designed to measure the performance of companies in demonstrating strong ESG practices since 2001. MHB has been independently assessed by FTSE Russell according to the FTSE4Good criteria. Following the index review in June 2023, MHB has satisfied the requirements to remain a constituent of the FTSE4Good Index Series. The Group aims to consistently improve its ESG practices, performance, reporting and FTSE Russell ESG Rating.

✉ Any queries and feedback can be directed to the IR team at inv.rel@mmhe.com.my

Additional Compliance Information

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the MMLR of Bursa Securities as set out in Appendix 9C thereto.

MATERIAL CONTRACTS

There were no material contracts entered into or subsisting between the Company and its Directors or major shareholders during the financial year except as disclosed in the audited financial statements of this Integrated Annual Report.

AUDIT AND NON-AUDIT FEES

The amount of audit fees payable to the external auditors, Messrs Ernst & Young PLT (EY), for services rendered to the Group and the Company for the financial year ended 31 December 2023 amounted to RM363,900 and RM20,500 respectively. The amount of non-audit fees paid or payable to external auditors, EY and their affiliated Companies for the services rendered to the Group and the Company for the financial year ended 31 December 2023 amounted to RM84,541 and RM27,499, respectively.



Audited Financial Statements 2023

Directors' report	204
Statement by directors	209
Statutory declaration	209
Independent auditors' report	210
Statements of comprehensive income	216
Statements of financial position	217
Consolidated statement of changes in equity	219
Statement of changes in equity	220
Consolidated statement of cash flows	221
Statement of cash flows	224
Notes to the financial statements	226

FINANCIAL STATEMENTS

Directors' Report

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and joint ventures are described in Notes 13 and 14 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

HOLDING COMPANIES

The immediate and ultimate holding companies of the Company are MISC Berhad and Petroliam Nasional Berhad ("PETRONAS"), both of which are incorporated and domiciled in Malaysia. The immediate holding company is listed on Bursa Malaysia.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(484,195)	(9,077)
Loss attributable to:		
Equity holders of the Company	(484,185)	(9,077)
Non-controlling interests	(10)	-
	(484,195)	(9,077)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

Directors' Report

DIVIDENDS

In respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year:

	RM'000
a single-tier tax exempt dividend of 1.5 sen per share on 1,600,000,000 ordinary shares was declared on 9 February 2023 and paid on 24 March 2023.	24,000

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2023.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Gladys Leong	
Keith Taylor	
Wan Yusoff bin Wan Hamat	
Ausmal bin Kardin	
Rajalingam A/L Subramaniam	Appointed on 1 January 2023
Raja Azlan Shah bin Raja Azwa	Appointed on 1 January 2023
Mohammad Suhaimi bin Mohd Yasin	Appointed on 16 October 2023
Mohd Nazir bin Mohd Nor	Appointed on 1 December 2023
Datuk Nasarudin bin Md Idris	Retired on 1 September 2023
Pandai bin Othman	Resigned on 30 November 2023

Further to those serving as directors of the Company, the names of directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows:

Suhaizak bin Abd Latif	
Hisham bin Haron	
Mohammad Romzi bin Shafi'e	Appointed on 1 August 2023
Ahmad Zakri bin Md Salleh	Resigned on 31 July 2023
Mohamad Yusof bin Ahmad	Resigned on 17 November 2023

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the year other than as disclosed in the financial statements.

FINANCIAL STATEMENTS

Directors' Report

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1 January 2023	Acquired	Sold	31 December 2023
The Company				
- Malaysia Marine and Heavy Engineering Holdings Berhad				
Direct				
Wan Yusoff bin Wan Hamat	10,000	-	-	10,000
Ausmal bin Kardin	4,000	-	-	4,000
Rajalingam A/L Subramaniam	10,000	-	(10,000)	-

	Number of ordinary shares			
	1 January 2023	Acquired	Sold	31 December 2023
Fellow subsidiary				
- PETRONAS Gas Berhad				
Direct				
Wan Yusoff bin Wan Hamat	5,000	-	-	5,000

	Number of ordinary shares			
	1 January 2023	Acquired	Sold	31 December 2023
Fellow subsidiary				
- PETRONAS Chemicals Group Berhad				
Direct				
Mohammad Suhaimi bin Mohd Yasin	6,000	-	-	6,000

None of the other directors holding office on 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remunerations received or due and receivable by the Directors or fixed salary of full-time employees of the Company and other related companies as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related company with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquiring shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Company, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of the PETRONAS Group is RM1,290 million (2022: RM1,290 million) per occurrence and in the aggregate. The insurance premium for the Group is RM2,650 (2022: RM10,328).

The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there are no bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- it necessary to write off any bad debts, or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances, which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company, misleading or inappropriate.

FINANCIAL STATEMENTS

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the year is RM363,900 and RM20,500 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 February 2024.

Mohammad Suhaimi bin Mohd Yasin

Mohd Nazir bin Mohd Nor

Statement by Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Mohammad Suhaimi bin Mohd Yasin and Mohd Nazir bin Mohd Nor, being two of the directors of Malaysia Marine and Heavy Engineering Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 216 to 301 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 February 2024.

Mohammad Suhaimi bin Mohd Yasin

Mohd Nazir bin Mohd Nor

Statutory Declaration

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Mohammad Romzi bin Shafi'e, being the officer primarily responsible for the financial management of Malaysia Marine and Heavy Engineering Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 216 to 301 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Mohammad Romzi bin Shafi'e
at Kuala Lumpur in the Federal Territory
on 22 February 2024.

Mohammad Romzi bin Shafi'e
(MIA membership number: 43618)

Before me,

FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Opinion

We have audited the financial statements of Malaysia Marine and Heavy Engineering Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 216 to 301.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (CONT'D.) (INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p>Impairment of non-current assets (Refer to Note 11 – Property, plant and equipment and Note 12 - Right-of-use assets)</p> <p>The Group is required to perform an impairment test on cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired.</p> <p>The carrying amount of the Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the Group's property, plant and equipment and right-of-use assets.</p> <p>Accordingly, the Group estimated the recoverable amount of the property, plant and equipment and right-of-use assets using the value-in-use method based on cash flow projections derived from budgets approved by the Board covering a five-year period including the terminal value. Estimating the value-in-use involves estimating the future cash inflows and outflows and discounting them at an appropriate discount rate.</p> <p>This impairment review was significant to our audit because the assessment process was complex and was based on assumptions that were highly judgemental.</p>	<p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the discount rate and projected cash flows including terminal value for the CGU.</p> <p>The areas that involved significant audit effort and judgement were the assessment of the probability of securing future revenue contracts, possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate.</p> <p>Our procedures to assess management's impairment testing included the following:</p> <ul style="list-style-type: none"> a) obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU; b) enquired with business development teams to obtain an understanding of the status of negotiations and the likelihood of securing revenue contracts, for contracts above our testing threshold, including timing of commencement and expected value of those contracts; c) evaluated the reasonableness of the estimated profits to be derived from those revenue contracts above our testing threshold by comparing the estimated margins with the historical margins realised by the Group in the recent years; d) assessed, with the involvement of our internal valuation specialist the appropriateness of methodology and approach applied and the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the CGU; and e) evaluated the reasonableness of the terminal value and growth rate of the expected cash flows. <p>In addition, we also evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections and to which the CGU's recoverable amount is most sensitive, as disclosed in Note 11 to the financial statements.</p>

FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p>Recognition of revenue and cost of construction and marine projects (Refer to Note 4 - Revenue and Note 18 - Amount due from/(to) customers on contracts)</p> <p>The Group's revenues and profits are derived from long-term construction and marine projects which span more than one accounting period.</p> <p>The Group uses the percentage-of-completion ("POC") method in accounting for the revenue of these long-term contracts. The stage of completion is measured by reference to the physical completion of the contracts. Cost is recognised based on actual costs incurred to date.</p> <p>We focused on this area because management applies significant judgement and estimates in determining the stage of physical completion in respect of long-term heavy engineering and marine projects and in estimating total estimated project costs.</p>	<p>In addressing this area of audit focus, we obtained an understanding of the relevant internal controls over the accuracy and timing of revenue and cost recognised in the financial statements, including controls performed by the management in estimating total project costs, profit margin and POC of projects.</p> <p>In addition, we also performed the following:</p> <ul style="list-style-type: none"> a) read all key contracts to obtain an understanding of the specific terms and conditions; b) agreed contract revenue to the original signed customer contracts and/or evaluated assumptions applied in recognising change orders; c) reviewed management meeting minutes to obtain an understanding of the performance and status for the projects above our testing threshold; d) reviewed management's budgeted project costs to ensure adequacy of costs to complete; e) assessed the reasonableness of inputs used in the determination of POC based on supporting evidence such as engineers' reports in relation to marine projects and actual invoices or signed progress reports by third party for heavy engineering projects and tested the underlying calculations of the POC; f) considered the historical accuracy of management's budgeted project margins in assessing the reasonableness of estimated margins of similar projects; g) assessed and ensured that actual project costs including foreseeable losses were appropriately accrued and supported by documentary evidence, such as work completion reports and material acceptance certificates, which represent activities performed to date; h) reperformed the calculations of the revenue based on the POC method and where applicable, considered the implications of any changes in estimates; and i) evaluated the presentation and disclosures of construction contracts in the financial statements, including significant accounting policies.

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2023 Integrated Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report. The Group's 2023 Integrated Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

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

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

Independent Auditors' Report

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia
22 February 2024

Lai Nai Ting
No. 03677/07/2024 J
Chartered Accountant

FINANCIAL STATEMENTS

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	3,309,392	1,651,643	-	-
Cost of sales		(3,495,136)	(1,439,430)	-	-
Gross (loss)/profit		(185,744)	212,213	-	-
Other operating income	5	28,209	43,448	1,240	1,628
Selling and distribution expenses		(2,925)	(2,250)	(3)	(7)
Administrative expenses		(213,876)	(173,379)	(9,931)	(9,187)
Other operating expenses		(93,334)	(19,116)	(54)	(138)
Finance costs		(15,382)	(14,182)	(329)	(97)
(Loss)/profit before taxation	6	(483,052)	46,734	(9,077)	(7,801)
Taxation	9	(1,143)	20,904	-	658
(Loss)/profit for the year		(484,195)	67,638	(9,077)	(7,143)
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss					
Fair value gain/(loss) on cash flow hedges	21	6,025	(5,535)	-	-
Total comprehensive (loss)/income for the year		(478,170)	62,103	(9,077)	(7,143)
(Loss)/profit attributable to:		(484,185)	67,773	(9,077)	(7,143)
Equity holders of the Company		(10)	(135)	-	-
Non-controlling interests		(484,195)	67,638	(9,077)	(7,143)
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(478,160)	62,238	(9,077)	(7,143)
Non-controlling interests		(10)	(135)	-	-
		(478,170)	62,103	(9,077)	(7,143)
(Loss)/profit per share attributable to equity holders of the Company (sen per share)					
Basic	10	(30.26)	4.24		
Diluted	10	(30.26)	4.24		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	1,507,698	1,493,445	-	-
Right-of-use assets	12	195,357	200,408	7,159	4,953
Investment in subsidiaries	13	-	-	1,608,205	1,608,205
Investment in joint ventures	14	1,516	1,516	-	-
Deferred tax assets	16	93,293	93,293	-	-
		1,797,864	1,788,662	1,615,364	1,613,158
Current assets					
Inventories, at cost		2,815	2,767	-	-
Trade and other receivables	17	1,291,022	747,977	1,025	1,777
Tax recoverable		48	21,680	-	815
Cash and bank balances	19	557,571	797,038	30,046	61,007
		1,851,456	1,569,462	31,071	63,599
Total assets		3,649,320	3,358,124	1,646,435	1,676,757
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	20	1,618,263	1,618,263	1,618,263	1,618,263
Cash flow hedge reserve	21	325	(5,700)	-	-
(Accumulated losses)/retained earnings		(352,057)	156,128	12,786	45,863
		1,266,531	1,768,691	1,631,049	1,664,126
Non-controlling interests		809	819	-	-
Total equity		1,267,340	1,769,510	1,631,049	1,664,126

FINANCIAL STATEMENTS

Statements of Financial Position

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities					
Non-current liabilities					
Borrowings	23	261,251	298,971	-	-
Lease liabilities	12	7,233	4,725	7,040	4,368
		<u>268,484</u>	<u>303,696</u>	<u>7,040</u>	<u>4,368</u>
Current liabilities					
Trade and other payables	22	1,980,997	1,241,250	7,779	7,391
Lease liabilities	12	732	1,030	567	872
Borrowings	23	105,719	36,216	-	-
Derivatives	25	26,048	6,422	-	-
		<u>2,113,496</u>	<u>1,284,918</u>	<u>8,346</u>	<u>8,263</u>
Total liabilities		<u>2,381,980</u>	<u>1,588,614</u>	<u>15,386</u>	<u>12,631</u>
Total equity and liabilities		<u>3,649,320</u>	<u>3,358,124</u>	<u>1,646,435</u>	<u>1,676,757</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company					
	Share capital (Note 20) RM'000	(Accumulated losses)/ retained earnings RM'000	Cash flow hedge reserve RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2023	1,618,263	156,128	(5,700)	1,768,691	819	1,769,510
Total comprehensive (loss)/income	-	(484,185)	6,025	(478,160)	(10)	(478,170)
Dividends paid to equity holders of the Company	-	(24,000)	-	(24,000)	-	(24,000)
At 31 December 2023	<u>1,618,263</u>	<u>(352,057)</u>	<u>325</u>	<u>1,266,531</u>	<u>809</u>	<u>1,267,340</u>
At 1 January 2022	1,618,263	88,355	(165)	1,706,453	954	1,707,407
Total comprehensive income/(loss)	-	67,773	(5,535)	62,238	(135)	62,103
At 31 December 2022	<u>1,618,263</u>	<u>156,128</u>	<u>(5,700)</u>	<u>1,768,691</u>	<u>819</u>	<u>1,769,510</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital (Note 20) RM'000	Distributable retained earnings RM'000	Total equity RM'000
At 1 January 2023	1,618,263	45,863	1,664,126
Total comprehensive loss	-	(9,077)	(9,077)
Dividends paid to equity holders of the Company	-	(24,000)	(24,000)
At 31 December 2023	1,618,263	12,786	1,631,049
At 1 January 2022	1,618,263	53,006	1,671,269
Total comprehensive loss	-	(7,143)	(7,143)
At 31 December 2022	1,618,263	45,863	1,664,126

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
(Loss)/profit before taxation	(483,052)	46,734
Adjustments for:		
Property, plant and equipment		
- Depreciation	67,844	71,619
- Write-offs	60	232
Right-of-use assets		
- Amortisation	8,065	8,251
Net allowance/(reversal) for impairment loss of trade and other receivables	852	(21,214)
Interest income		
- Deposits with licensed banks	(13,917)	(20,486)
- Unwinding of interest from a receivable	-	(1,730)
Interest expense	15,382	14,182
Changes in fair value of hedging derivatives	25,651	(3,813)
Net unrealised (gain)/loss on foreign exchange	(6,128)	1,755
Operating (loss)/profit before working capital changes	(385,243)	95,530
Inventories	(48)	841
Trade and other receivables	(543,897)	105,546
Trade and other payables	745,875	(65,494)
Cash (used in)/generated from operations	(183,313)	136,423
Tax refunded	20,489	-
Tax paid	-	(572)
Net cash (used in)/generated from operating activities	(162,824)	135,851
Cash flows from investing activities		
Purchase of property, plant and equipment	(82,157)	(40,533)
Proceeds from disposal of non-current asset held for sale	-	14,312
Interest income from deposits with licensed banks	13,917	20,486
Dividend income from joint ventures	-	7,391
Net cash (used in)/generated from investing activities	(68,240)	1,656

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023 RM'000	2022 RM'000
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(24,000)	-
Drawdown of revolving credit	233,000	-
Repayment of revolving credit	(165,000)	-
Interest paid on revolving credit	(1,950)	-
Repayment of principal on term loan	(36,217)	(34,449)
Interest paid on term loan	(13,085)	(14,744)
Payment of lease liabilities	(1,151)	(1,189)
Net cash used in financing activities	(8,403)	(50,382)
Net change in cash and cash equivalents	(239,467)	87,125
Cash and cash equivalents at beginning of the year	784,856	697,731
Cash and cash equivalents at end of the year	545,389	784,856
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	181,214	75,408
IFSSC bank balance (Note 19)	206,168	593,901
Deposits with licensed banks (Note 19)	170,189	127,729
	557,571	797,038
Less: Cash pledged with the bank - restricted	(12,182)	(12,182)
	545,389	784,856

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Changes in liabilities arising from financing activities:

	Group		
	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2023	335,187	5,755	340,942
Drawdown	233,000	-	233,000
Non-cash items:			
Accretion of interest	-	347	347
Lease modification	-	3,014	3,014
Repayments	(201,217)	(1,151)	(202,368)
At 31 December 2023	366,970	7,965	374,935
At 1 January 2022	369,636	924	370,560
Additions	-	5,912	5,912
Non-cash item:			
Accretion of interest	-	108	108
Repayments	(34,449)	(1,189)	(35,638)
At 31 December 2022	335,187	5,755	340,942

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Company	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Loss before taxation	(9,077)	(7,801)
Adjustments for:		
Right-of-use assets		
- Amortisation	808	1,056
Interest income	(1,240)	(1,628)
Interest expense	329	97
Operating loss before working capital changes	(9,180)	(8,276)
Trade and other receivables	752	(360)
Trade and other payables	388	1,095
Cash used in operations	(8,040)	(7,541)
Tax refund	815	-
Net cash used in operating activities	(7,225)	(7,541)
Cash flows from investing activities		
Interest received, representing net cash generated from investing activity	1,240	1,628
Cash flows from financing activities		
Dividend paid to equity holders of the Company	(24,000)	-
Payment of lease liabilities	(976)	(1,045)
Net cash used in financing activities	(24,976)	(1,045)
Net change in cash and cash equivalents	(30,961)	(6,958)
Cash and cash equivalents at beginning of the year	61,007	67,965
Cash and cash equivalents at end of the year	30,046	61,007
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	197	174
IFSSC bank balance (Note 19)	29,820	60,804
Deposits with licensed banks (Note 19)	29	29
	30,046	61,007

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Changes in liabilities arising from financing activities:

	Company RM'000
<u>Lease liabilities</u>	
At 1 January 2023	5,240
Non-cash items:	
Accretion of interest	329
Lease modification	3,014
Repayment	(976)
At 31 December 2023 (Note 12)	7,607
At 1 January 2022	860
Additions	5,328
Non-cash item:	
Accretion of interest	97
Repayment	(1,045)
At 31 December 2022 (Note 12)	5,240

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company and principal place of business is located at Level 31, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The immediate and ultimate holding companies of the Company are MISC Berhad and Petroliaam Nasional Berhad ("PETRONAS"), both of which are incorporated and domiciled in Malaysia. The immediate holding company is listed on Bursa Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and joint ventures are described in Note 13 and Note 14 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 February 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia.

The financial statements have been prepared on the historical cost basis, other than those disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), other than those indicated otherwise.

The Group and the Company had, as of 1 January 2023, adopted amendments to MFRSs (referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described in Note 2.3.

The Group and the Company adopted amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments did not result in any material changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's returns.

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full. Uniform accounting policies are applied to like transactions and events in similar circumstances.

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group and the Company. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group and the Company remeasure their previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in profit or loss.

The Group measures goodwill as the excess of the cost of an acquisition, as defined above, and the fair values of any previously held interest in the acquiree, over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's proportionate share of net assets before and after the change, and any fair value of consideration received or paid, is recognised directly in equity as transactions with shareholders.

Loss of control

Upon the loss of control of a subsidiary, the Group and the Company derecognise the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from its consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group and the Company retain any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income ("FVOCI") financial asset depending on the level of influence retained.

(b) Joint arrangements

Joint arrangements are arrangements of which the Group and the Company have joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Meanwhile, a joint arrangement is classified as a joint venture when the Group has rights only to the net assets of the arrangements.

(i) Joint ventures

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in the joint venture is carried in the consolidated statement of financial position at cost, adjusted for post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of profit or loss of the joint venture is recognised in profit or loss. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(b) Joint arrangements (cont'd.)

(i) Joint ventures (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment, as the difference between the recoverable amount of the joint venture and its carrying value, and recognises the amount in profit or loss. The joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss in the year in which the investment is made.

When the Group's share of losses in the joint venture equals or exceeds its interest in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The most recent available audited financial statements of the joint venture is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group, as a joint operator, recognises the following in relation to its interest in a joint operation:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation; and
- (iv) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in joint operations in accordance with the MFRSs applicable to the particular assets, liabilities, revenue and expenses.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(b) Joint arrangements (cont'd.)

(ii) Joint operations (cont'd.)

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress are not depreciated as these assets are not available for use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Boats	10%
Buildings, dry docks and waste plant	1% - 33%
Plant, machinery and electrical installations	1% - 50%
Vehicles and transport equipment	4% - 25%
Furniture and office equipment	10% - 50%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than construction contract assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis. If the asset does not generate cash flows that are largely independent of those from other assets, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises. If the asset is carried at a revalued amount, the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss. If the asset is carried at revalued amount, such reversal is treated as a revaluation increase.

(e) Financial instruments

Recognition and initial measurement

A financial asset (unless it is a receivable without a significant financing component) and a financial liability are measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

Regular purchases or sales is a purchase or sale under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(e) Financial instruments (cont'd.)

Classification and subsequent measurement

Interest rate benchmark reform

The Group will apply the practical expedients provided in the amendments to MFRS 7: Financial Instruments: Disclosures, MFRS 9: Financial Instruments, MFRS 139: Financial Instruments: Recognition and Measurement and MFRS 16: Leases (Interest Rate Benchmark Reform - Phase 2) in future periods if they become applicable.

For financial year ended 31 December 2023, the Group has had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate.

(f) Financial assets

Initial recognition and measurement

Financial assets are classified as measured at amortised cost, FVOCI and fair value through profit or loss ("FVTPL"), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition and they are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Upon adoption of MFRS 9 Financial Instruments, trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15. Prior to 1 January 2018, trade receivables are carried at amortised cost.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(f) Financial assets (cont'd.)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method ("EIR") and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income and foreign exchange gains and losses are recognised in profit or loss.

The Group's and the Company's financial assets designated as amortised cost comprise trade and other receivables and cash and bank balances.

Fair value through other comprehensive income

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI category also comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's FVOCI. This election is made on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under FVOCI reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss. The Group and the Company have not designated any financial assets as FVOCI.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(f) Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - (a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or
 - (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a "pass through" arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(g) Financial liabilities

Financial liabilities are classified, at initial recognition as financial liabilities at FVTPL or amortised cost, as appropriate.

A financial liability is initially measured at fair value plus or minus, in the case of a financial instrument at amortised cost, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

Classification and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

FVTPL category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group's financial liabilities at FVTPL include derivative liabilities.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statements when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, lease liabilities and borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as other reserve.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if, and only if, there is currently a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business of the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(j) Fair value measurements (cont'd.)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

In capitalising general borrowing costs, the Group shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all general borrowings of the Group. General borrowing are all borrowings that are outstanding during the period, except for specific borrowings that are made specifically to obtain a qualifying asset that is not yet ready for its intended use or sale. If a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the Group's general borrowing.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(l) Impairment of financial assets and contract assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and finance lease receivables.

The Group and the Company measure loss allowances on debt securities at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, other debt securities for which credit risk has not increased significantly since initial recognition and finance lease receivables, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment (including forward-looking information).

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument, while 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date.

ECL are measured as a function of probability of default and loss given default. Probability of default is the likelihood of default over a particular time horizon and is derived using external credit ratings, if they are available, or internal credit ratings based on quantitative or qualitative information for the counterparty. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(m) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or tax loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, branches and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items related to the underlying transactions are recognised either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable rights exist to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group has adopted International Tax Reform – Pillar Two Model Rules upon its release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is effective immediately and new disclosures of Pillar Two top-up taxes. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The application of the pronouncements is further discussed in Note 2.3.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(n) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and the Company, are not recognised in the financial statements but are disclosed as contingent liabilities if the possibility of an outflow of economic resources is not considered as remote.

Onerous contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after reporting date are discounted to present value.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(p) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated to RM at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the retranslation of non-monetary items, in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(q) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group recognises revenue from contracts with customers mainly from its Heavy Engineering and Marine segments. The Heavy Engineering segment operates in oil and gas engineering and construction whilst Marine segment operates in marine conversion and repair industry respectively.

The Group recognises revenue when or as it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(q) Revenue and other income recognition (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

- (ii) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has enforceable rights to payment for performance completed to date.

Revenue from construction contracts is based on stage of completion. The stage of completion is measured by reference to the proportion of physical completion based on technical milestones defined under the contract and taking into account the nature of activities and its associated risks.

If a performance obligation is not satisfied over time in accordance with the above criteria, the Group satisfies the performance obligation and recognises revenue at a point in time.

Performance obligation and satisfaction of performance obligation

The Group's contract with customers mainly contains one performance obligation where the Group is contracted to construct a specific asset for a customer and to provide repair and maintenance services on customers' marine vessels.

The Group considers whether there are other promises in the contract with customers that denote separate performance obligations. The Group typically only provides assurance type warranties to assure that the completed project complies with agreed-upon specifications of the contract and therefore, does not give rise to a separate performance obligation.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred, that is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Transaction price and variable considerations

Transaction price comprises the initial amount of consideration agreed in the contract, variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group's construction contracts contain penalty clauses (i.e. liquidated and ascertained damages) for late delivery. When it is probable that the construction contract will not be fulfilled on time, the penalty will be deducted from the contract transaction price.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(q) Revenue and other income recognition (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

Contract assets and contract liabilities

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are subjected to impairment in accordance to MFRS 9: Financial Instruments. The contract assets of the Group comprise amount due from customers on contracts.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration, or the amount is due, from the customer. The contract liabilities of the Group comprise amount due to customers on contracts.

(ii) Interest income

Revenue arising from assets yielding interest is recognised on a time proportion basis that takes into account the effective yield on the assets.

(iii) Dividend income

Dividend income is recognised when the Group and the Company's right to receive payment is established.

(r) Derivative financial instruments and hedge accounting

The Group uses forward currency contracts as derivative financial instruments to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are recognised in the income statement.

The Group applies hedge accounting for certain qualified hedging relationships. For the purpose of hedge accounting, hedging relationships are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(r) Derivative financial instruments and hedge accounting (cont'd.)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges of the Group which meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the hedging instrument that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is accounted for as a cost of hedging, included in the cash flow hedge reserve within equity.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(r) Derivative financial instruments and hedge accounting (cont'd.)

(ii) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

(s) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(a) As a lessee (cont'd.)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to early terminate the contract.

The Group and the Company exclude variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15: Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(b) As a lessor (cont'd.)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Land use rights	1% - 4%
Warehouse and wharf	5% - 50%
Office premise	33%
Office equipment	30%

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Depreciation of certain right-of-use assets are subsequently capitalised into carrying amount of other assets whenever they meet the criteria for capitalisation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the EIR method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is a lease modification due to an increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company will assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(iii) Subsequent measurement (cont'd.)

(a) As a lessee (cont'd.)

When there is a lease modification due to decrease in scope, the Group and the Company will decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use assets.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9: Financial Instruments (see Note 2.2(l)).

(t) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Effective interest rate method

Amortised cost is computed using the EIR method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in accounting policies

On 1 January 2023 the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2023:

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
- Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules

The adoption of the above pronouncements has no material impact to the financial statements.

Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules

On 2 June 2023, the MASB had also issued the Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules. This pronouncement is effective from annual period beginning on or after 1 January 2023. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on 1 January 2025.

2.4 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments to standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101 Presentation of Financial Statements (Non-current Liabilities with Covenants)
- Amendments to MFRS 107 Statement of Cash Flows (Supplier Finance Arrangements)
- Amendments to MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

Effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group and the Company are currently assessing the impact of the abovementioned standards and expected to apply the new standards on the stipulated effective dates.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

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

(i) Construction contracts

The Group recognises contract revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured by reference to the proportion of physical completion of the contract work, which is based on activities performed to date. Revenue recognition policy is described in Note 2.2(q). Cost is recognised based on actual costs incurred for work performed up to the reporting period.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, the recoverability of the contract costs as well as assessing potential deductions to revenue due to delays in delivery or other contractual penalties. In making these judgements, the Group's evaluation is based on past experience and by relying on the work of internal specialists.

Included in the financial statements are values of change orders that have not yet been approved which are at various stages of process with the customers. In this respect, the values are estimated based on management's assessment and judgement as to the realisable amount.

The Group recognises onerous contract provision based on policy as described in Note 2.2(n). Onerous contract provision is estimated based on a range of long-term assumptions including prices, volumes, margins and costs based on past performance and management's expectations of market development in the estimation of the present value of the provision.

(ii) Allowance for impairment loss of trade receivables, amount due from customers on contracts and other receivables

The allowance for impairment loss of trade receivables, amount due from customers on contracts and other receivables are based on the evaluation of the receivables on an individual basis and the amount of outstanding allowances. The customer's credit worthiness is evaluated by reviewing, among other matters, the Group's historical collection experience.

The information on allowance for impairment loss of trade receivables and amount due from customers on contracts is as disclosed in Note 28(b)(ii)(b), whereas the allowance for impairment of other receivables is as disclosed in Note 28(b)(iii).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(a) Key sources of estimation uncertainty (cont'd.)

(iii) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and unutilised tax allowances to the extent that it is probable that taxable profits will be available against which the losses and tax allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the business plans of the Group, the likely timing and level of future taxable profits together with future tax planning strategies. Estimating future taxable profits requires the Group to make estimates of the expected future projects and forecasted margins. Any changes in the assumptions will affect the probable taxable profits available to the Group.

The information on deferred tax assets is disclosed in Note 16.

(iv) Impairment of non-financial assets

The Group tests non-financial assets for impairment when there are indications that the assets may be impaired.

During the financial year, the Group carried out the impairment test based on estimation of the value in use ("VIU") of the cash-generating unit ("CGU") to which the property, plant and equipment and right-of-use assets are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and apply a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in VIU calculations are disclosed in Note 11.

4. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Heavy engineering construction works	2,985,525	1,314,791	-	-
Marine conversion and repair	323,867	336,852	-	-
	3,309,392	1,651,643	-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE (CONT'D.)

4.1 Disaggregation of revenue

Revenue is disaggregated by nature of services of heavy engineering and marine conversion and repair as disclosed above.

Timing of revenue recognition:

	2023	2022
	RM'000	RM'000
Goods transferred at a point in time	82,990	138,322
Services transferred over time	3,226,402	1,513,321
	<u>3,309,392</u>	<u>1,651,643</u>

4.2 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 December		1 January
	2023	2022	2022
	RM'000	RM'000	RM'000
Trade receivables	85,716	139,232	241,677
Amount due from customers on contracts	1,179,289	592,277	575,741
Amount due to customers on contracts	(170,671)	(15,152)	(119,182)

Amount due from customers on contracts primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. Amount due from customers on contracts are transferred to receivables when rights become unconditional. Amount due to customers on contracts primarily relate to the advance consideration received from the customer, for which revenue is recognised over time when the Group progressively satisfies its performance obligation.

4.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date.

	Under 1 year	1-5 years	Total
	RM'000	RM'000	RM'000
Heavy engineering construction works	3,586,363	2,596,350	6,182,713
Marine conversion and repair	141,100	-	141,100
	<u>3,727,463</u>	<u>2,596,350</u>	<u>6,323,813</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. OTHER OPERATING INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Rental income	3,170	3,357	-	-
Interest income:				
- Deposits with licensed banks	13,917	20,486	1,240	1,628
- Unwinding of interest from a receivable	-	1,730	-	-
Fair value gain on derivatives	-	3,813	-	-
Net realised gain on foreign exchange	-	9,056	-	-
Net unrealised gain on foreign exchange	6,128	-	-	-
Income from scrap disposal	1,098	1,909	-	-
Others	3,896	3,097	-	-
	<u>28,209</u>	<u>43,448</u>	<u>1,240</u>	<u>1,628</u>

6. (LOSS)/PROFIT BEFORE TAXATION

The following amounts have been included in arriving at the (loss)/profit before taxation:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audit	364	356	21	19
- Others	109	81	27	26
Staff costs (Note 7)	379,007	283,750	8,751	7,690
Property, plant and equipment (Note 11):				
- Depreciation	67,844	71,619	-	-
- Write-offs	60	232	-	-
Right-of-use assets (Note 12):				
- Amortisation	8,065	8,251	808	1,056

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. (LOSS)/PROFIT BEFORE TAXATION (CONT'D.)

The following amounts have been included in arriving at the (loss)/profit before taxation: (cont'd.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating lease rental (i):				
- Office premise	16	212	-	145
- Vehicles	300	45	-	-
- Office equipment	6,745	3,069	-	-
- Plant and machineries	44,494	45,933	-	-
- Tugboat, pushers and barges	3,217	5,156	-	-
Net allowance/(reversal) for impairment loss:				
- Trade receivables (Note 28(b)(ii)(b))	1,039	(21,243)	-	-
- Other receivables (Note 28(b)(iii))	(187)	29	-	-
Net loss on foreign exchange:				
- Realised	569	-	-	1
- Unrealised	-	1,755	-	-
Interest expense on lease liabilities (Note 12)	347	108	329	97
Maintenance fees	49,660	26,024	-	-
Net provisions recognised during the year (Note 22(a))	472,100	98,965	-	-
Interest expense on revolving credit	1,950	-	-	-
Interest expense on long term loan	13,085	14,074	-	-
Fair value loss on derivatives	25,651	-	-	-

(i) The Group and the Company lease vehicles, office equipment, plant and machineries and boats with contract terms of 1 to 4 years. These leases are short term and/or leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. STAFF COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	283,187	213,751	4,877	4,112
Social security costs	3,141	2,131	30	23
Contributions to a defined contribution plan	33,052	25,850	618	488
Management fees in relation to services of key management personnel (Note 27(c))	2,069	2,209	2,069	2,209
Other staff related expenses	57,558	39,809	1,157	858
	379,007	283,750	8,751	7,690

Included in staff costs of the Group and the Company are executive director's salaries and other emoluments, excluding benefits-in-kind amounting to RM nil (2022: RM nil) as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

The details of directors' remuneration of the Group and the Company during the financial year are as follows:

	Group and Company	
	2023 RM'000	2022 RM'000
Executive director's remuneration*:		
Estimated money value of benefits-in-kind	1	-
Total executive director's remuneration (including benefits-in-kind)	1	-
Non-executive directors' remuneration**:		
Fees	569	637
Other emoluments	336	392
Estimated money value of benefits-in-kind	13	14
Total non-executive directors' remuneration (including benefits-in-kind)	918	1,043
Total directors' remuneration (including benefits-in-kind) (Note 27(c))	919	1,043

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. DIRECTORS' REMUNERATION (CONT'D.)

	Number of directors	
	2023 RM'000	2022 RM'000
Non-executive directors**:		
RM150,000 and below	1	-
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	3	3
RM250,001 - RM300,000	-	1
	5	5

* Excludes an executive director of the Group who is paid directly by the ultimate holding company of the Group, PETRONAS.

** Excludes non-executive directors of the Group who are paid directly by the immediate holding company of the Group, MISC Berhad.

9. TAXATION

The major components of income tax expense/(credit) are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current income tax:				
Malaysian income tax	-	1,000	-	-
Under/(over) provision in prior year:				
Malaysian income tax	1,143	(21,904)	-	(658)
	1,143	(20,904)	-	(658)
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	29,415	(16,691)	-	-
(Over)/under provision of deferred tax in prior year	(29,415)	16,691	-	-
	-	-	-	-
Taxation	1,143	(20,904)	-	(658)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable (loss)/profit for the financial year.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. TAXATION (CONT'D.)

A reconciliation of income tax expense/(credit) applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	2023	2022
	RM'000	RM'000
Group		
(Loss)/profit before taxation	(483,052)	46,734
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	(115,932)	11,216
Effect of income not subject to tax	-	(8,015)
Effect of expenses not deductible for tax purposes	18,078	10,717
Utilisation of previously unrecognised deferred tax assets	-	(29,716)
Deferred tax assets not recognised	127,269	107
(Over)/under provision of deferred tax in prior year	(29,415)	16,691
Under/(over) provision of Malaysian current tax expense in prior year	1,143	(21,904)
Income tax expense/(credit) for the year	1,143	(20,904)

	2023	2022
	RM'000	RM'000
Company		
Loss before taxation	(9,077)	(7,801)
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	(2,178)	(1,872)
Effect of income not subject to tax	-	(391)
Effect of expenses not deductible for tax purposes	2,178	2,263
Overprovision of Malaysian tax expense in prior year	-	(658)
Income tax credit for the year	-	(658)

FINANCIAL STATEMENTS

Notes to the
Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share is calculated by dividing loss or profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during the financial year, as follows:

	Group	
	2023	2022
(Loss)/profit attributable to equity holders of the Company (RM'000)	(484,185)	67,773
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
Basic/diluted (loss)/profit per share (sen)	(30.26)	4.24

The Group does not have any financial instruments which may dilute its basic loss or profit per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Cost				
	At 1.1.2023 RM'000	Additions RM'000	Transfers RM'000	Write-offs RM'000 (Note 6)	At 31.12.2023 RM'000
Group					
Boats	154	-	-	-	154
Buildings, dry docks and waste plant	2,125,547	-	3,217	(2,352)	2,126,412
Plant, machinery and electrical installations	777,824	1,129	7,921	(46,984)	739,890
Vehicles and transport equipment	13,885	429	-	(386)	13,928
Furniture and office equipment	65,210	827	2,301	(1,090)	67,248
Loose tools	7,715	-	-	-	7,715
Construction-in-progress	31,838	79,772	(13,439)	-	98,171
	3,022,173	82,157	-	(50,812)	3,053,518

Notes to the
Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Accumulated depreciation			Net carrying amount	
	At 1.1.2023 RM'000	Charge for the financial year RM'000 (Note 6)	Write-offs RM'000 (Note 6)	At 31.12.2023 RM'000	At 31.12.2023 RM'000
Group					
Boats	154	-	-	154	-
Buildings, dry docks and waste plant	941,608	36,182	(2,295)	975,495	1,150,917
Plant, machinery and electrical installations	500,430	29,216	(46,981)	482,665	257,225
Vehicles and transport equipment	13,885	416	(386)	13,915	13
Furniture and office equipment	57,250	2,030	(1,090)	58,190	9,058
Loose tools	7,711	-	-	7,711	4
Construction-in-progress	7,690	-	-	7,690	90,481
	1,528,728	67,844	(50,752)	1,545,820	1,507,698

	Cost				
	At 1.1.2022 RM'000	Additions RM'000	Transfers RM'000	Write-offs RM'000 (Note 6)	At 31.12.2022 RM'000
Group					
Boats	154	-	-	-	154
Buildings, dry docks and waste plant	2,097,031	211	30,601	(2,296)	2,125,547
Plant, machinery and electrical installations	763,576	8,553	10,763	(5,068)	777,824
Vehicles and transport equipment	13,762	123	-	-	13,885
Furniture and office equipment	60,632	1,006	4,221	(649)	65,210
Loose tools	7,715	-	-	-	7,715
Construction-in-progress	46,783	30,640	(45,585)	-	31,838
	2,989,653	40,533	-	(8,013)	3,022,173

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	← Accumulated depreciation →			Net carrying amount	
	At 1.1.2022 RM'000	Charge for the financial year RM'000 (Note 6)	Write-offs RM'000 (Note 6)	At 31.12.2022 RM'000	At 31.12.2022 RM'000
Group					
Boats	154	-	-	154	-
Buildings, dry docks and waste plant	907,598	36,233	(2,223)	941,608	1,183,939
Plant, machinery and electrical installations	471,802	33,538	(4,910)	500,430	277,394
Vehicles and transport equipment	13,485	400	-	13,885	-
Furniture and office equipment	56,450	1,448	(648)	57,250	7,960
Loose tools	7,711	-	-	7,711	4
Construction-in-progress	7,690	-	-	7,690	24,148
	<u>1,464,890</u>	<u>71,619</u>	<u>(7,781)</u>	<u>1,528,728</u>	<u>1,493,445</u>

(a) Included in the property, plant and equipment are fully depreciated assets which are still in use, with their carrying costs as follows:

	Group	
	2023 RM'000	2022 RM'000
Buildings, dry docks and waste plant	213,764	187,167
Plant, machinery and electrical installations	192,339	193,869
Other property, plant and equipment	64,871	62,659
	<u>470,974</u>	<u>443,695</u>

(b) The additions to property, plant and equipment were acquired by way of:

	Group	
	2023 RM'000	2022 RM'000
Cash	82,157	40,533

(c) The Group and the Company have performed a review of the recoverable amount of their property, plant and equipment and right-of-use assets during the financial year. The result of the review is that the recoverable amount of the CGU exceeded the carrying amount of the property, plant and equipment and right-of-use assets, hence, no impairment is required for the current financial year.

The recoverable amount was based on the higher of fair value less costs of disposal or value-in-use, and determined at the CGU of each asset.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Recoverable amount determined from value-in-use ("VIU")

The Group's recoverable amount for impaired property, plant and equipment and right-of-use assets of RM1,760,367,000 (2022: RM1,704,770,000) was determined from the VIU calculations using cash flow projections discounted at the rate of 13.97% (2022: 12.18%).

Details of the key assumptions used in the value in use ("VIU") calculations are disclosed below:

Key assumptions used in VIU calculations

For the purpose of impairment testing, the recoverable amount of the CGU is determined based on VIU calculations using cash flow projections derived from budgets approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the CGU:

(i) Revenue

Revenue is estimated based on existing order book and anticipated future projects. In estimating the revenue, the Group considers the probability of securing future revenue contracts as well as possible variations in amounts and timing of the cash flows.

(ii) Budgeted gross margins

Gross margins are estimated based on forecast margins for order book, management's expectations and past experience.

(iii) Discount rates

The discount rate reflects specific risks relating to the CGU. The pre-tax discount rate used is 13.97% (2022: 12.18%).

(iv) Growth rates

Cash flows beyond the five-year period is extrapolated using growth rate of 2.50% (2022: 2.50%).

FINANCIAL STATEMENTS

Notes to the
Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Cost		
	At 1.1.2023 RM'000	Lease modifications RM'000	At 31.12.2023 RM'000
Group			
Land use rights *	306,852	-	306,852
Warehouses and wharf	595	-	595
Office premise	10,227	3,014	13,241
Office equipment	207	-	207
	<u>317,881</u>	<u>3,014</u>	<u>320,895</u>

	Accumulated depreciation			Net carrying amount
	At 1.1.2023 RM'000	Charge for the financial year RM'000 (Note 6)	At 31.12.2023 RM'000	At 31.12.2023 RM'000
Group				
Land use rights *	111,906	7,095	119,001	187,851
Warehouses and wharf	282	93	375	220
Office premise	5,274	808	6,082	7,159
Office equipment	11	69	80	127
	<u>117,473</u>	<u>8,065</u>	<u>125,538</u>	<u>195,357</u>

* The prepaid leasehold and foreshore land cannot be disposed, charged or subleased without the prior consent of the Johor State Government.

Notes to the
Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D.)

	Cost		
	At 1.1.2022 RM'000	Additions RM'000	At 31.12.2022 RM'000
Group			
Land use rights *	306,852	-	306,852
Warehouses and wharf	218	377	595
Office premise	4,899	5,328	10,227
Office equipment	-	207	207
	<u>311,969</u>	<u>5,912</u>	<u>317,881</u>

	Accumulated depreciation			Net carrying amount
	At 1.1.2022 RM'000	Charge for the financial year RM'000 (Note 6)	At 31.12.2022 RM'000	At 31.12.2022 RM'000
Group				
Land use rights *	104,869	7,037	111,906	194,946
Warehouses and wharf	135	147	282	313
Office premise	4,218	1,056	5,274	4,953
Office equipment	-	11	11	196
	<u>109,222</u>	<u>8,251</u>	<u>117,473</u>	<u>200,408</u>

* The prepaid leasehold and foreshore land cannot be disposed, charged or subleased without the prior consent of the Johor State Government.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D.)

	Cost		
	At 1.1.2023 RM'000	Lease modifications RM'000	At 31.12.2023 RM'000
Company			
Office premise	10,227	3,014	13,241

	Accumulated depreciation		Net carrying amount	
	At 1.1.2023 RM'000	Charge for the financial year RM'000 (Note 6)	At 31.12.2023 RM'000	At 31.12.2023 RM'000
Company				
Office premise	5,274	808	6,082	7,159

	Cost		
	At 1.1.2022 RM'000	Additions RM'000	At 31.12.2022 RM'000
Company			
Office premise	4,899	5,328	10,227

	Accumulated depreciation		Net carrying amount	
	At 1.1.2022 RM'000	Charge for the financial year RM'000 (Note 6)	At 31.12.2022 RM'000	At 31.12.2022 RM'000
Company				
Office premise	4,218	1,056	5,274	4,953

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D.)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	5,755	924
Additions	-	5,912
Accretion of interest (Note 6)	347	108
Lease modification	3,014	-
Payments	(1,151)	(1,189)
At 31 December (Note 22)	7,965	5,755
Current	732	1,030
Non-current	7,233	4,725

	Company	
	2023 RM'000	2022 RM'000
At 1 January	5,240	860
Additions	-	5,328
Accretion of interest (Note 6)	329	97
Lease modification	3,014	-
Payments	(976)	(1,045)
At 31 December (Note 22)	7,607	5,240
Current	567	872
Non-current	7,040	4,368

The Group and the Company had total cash outflows for lease liabilities of RM1,151,000 (2022: RM1,189,000) and RM976,000 (2022: RM1,045,000) respectively. In the previous financial year, the Group and the Company had non-cash additions to right-of-use assets and lease liabilities of RM5,912,000 and RM5,328,000 respectively. The interest rates per annum at the reporting date for the lease liabilities ranged from 3.87% to 4.74% (2022: 3.87% to 4.22%).

The Group had total cash outflows for short-term leases and low-value assets amounting to RM54,772,000 (2022: RM54,414,000).

The Group leases various land, buildings and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	1,608,205	1,608,205

The subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Ownership Interest and voting interest (%)	
			2023	2022
Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE")	Malaysia	Oil and gas engineering and construction works and marine conversion and repair	100%	100%
MMHE International Sdn Bhd	Malaysia	Dormant	100%	100%
<i>Subsidiaries of MMHE:</i>				
MMHE LNG Sdn Bhd	Malaysia	Dormant	100%	100%
Techno Indah Sdn Bhd	Malaysia	Dormant	100%	100%
MMHE-EPIC Marine & Services Sdn Bhd	Malaysia	Dormant	70%	70%
MHS Integrated Engineering Sdn Bhd	Malaysia	Plant turnaround and shutdown maintenance	100%	100%
Malaysia Marine and Heavy Engineering Saudi Limited	Saudi Arabia	Oil and gas engineering and construction works for offshore and onshore facilities	100%	100%

The Group regards the non-controlling interest in the subsidiaries as immaterial and as such has not disclosed the summarised financial information of the subsidiaries.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	16,372	16,372	5,000	5,000
Share of post-acquisition reserves	(14,856)	(7,465)	-	-
Less: Dividend received				
(i) MMHE-ATB Sdn Bhd	-	(25)	-	-
(ii) MMHE-TPGM Sdn Bhd	-	(7,366)	-	-
Less: Allowance for impairment losses	-	-	(5,000)	(5,000)
	1,516	1,516	-	-

(a) Details of the Group's joint ventures, all of which are incorporated in Malaysia, are as follows:

Name	Ownership interest and voting interest (%)		Nature of activities
	2023	2022	
T.EN MHB Hull Engineering Sdn Bhd	50%	50%	Note (i)
MMHE-TPGM Sdn Bhd	60%	60%	Note (ii)
MMHE-ATB Sdn Bhd	40%	40%	Note (iii)

- (i) T.EN MHB Hull Engineering Sdn Bhd builds and develops hull engineering and provides engineering project management services. It provides its services as subcontractors to the Group's projects as well as to third parties. The entity is considered dormant.
- (ii) MMHE-TPGM Sdn Bhd provides engineering, procurement, construction, installation and commissioning services for the Group's activities in Turkmenistan. The entity is considered dormant.
- (iii) MMHE-ATB Sdn Bhd is engaged in the manufacturing of pressure vessels and tube heat exchangers. It provides its services as subcontractors to the Group's projects as well as to third parties. In the previous financial year, the entity had initiated the liquidation via members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. INVESTMENT IN JOINT VENTURES (CONT'D.)

- (a) Details of the Group's joint ventures, all of which are incorporated in Malaysia, are as follows: (cont'd.)

The above joint arrangements are structured via separate entities and provide the Group with rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group. These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

- (b) As none of the Group's joint ventures are individually material to the Group, the summarised financial information for the aggregated assets, liabilities and results of the joint ventures are as follows:

- (i) Summarised statements of financial position

	2023 RM'000	2022 RM'000
Cash and cash equivalents	3,797	3,769
Other current assets	1,761	1,761
Total current assets	5,558	5,530
Total assets	5,558	5,530
Current liabilities, representing total liabilities	(5,496)	(5,493)
Net assets	62	37

- (ii) Summarised statements of comprehensive income

	2023 RM'000	2022 RM'000
Interest income	66	21
Other expenses	(3)	(15)
Profit before tax	63	6
Income tax expense	(4)	(3)
Profit after tax	59	3

The Group has discontinued recognising its share of losses in a joint venture considering the share of losses in this joint venture exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses in this joint venture amounted to RM1,556,000 (2022: RM1,615,000) as at 31 December 2023.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. JOINT OPERATIONS

Details of the Group's joint operations are as follows:

Name	% of ownership interest held by the Group	
	2023	2022
Technip MMHE (Kasawari) Joint Venture	60%	60%

Technip MMHE (Kasawari) Joint Venture is an unincorporated joint venture between the Company's subsidiary, MMHE and Technip Energies (M) Sdn Bhd to undertake specific engineering, procurement, construction, installation and commissioning project.

16. DEFERRED TAX

	Group	
	2023 RM'000	2022 RM'000
At 1 January	93,293	93,293
Recognised in profit or loss (Note 9)	-	-
At 31 December	93,293	93,293

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2023	96,775
Recognised in profit or loss	(22,697)
At 31 December 2023	74,078
At 1 January 2022	87,285
Recognised in profit or loss	9,490
At 31 December 2022	96,775

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. DEFERRED TAX (CONT'D.)

Deferred tax assets of the Group:

	Unutilised tax losses and reinvestment allowances RM'000	Unutilised investment tax allowances RM'000	Unutilised capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2023	(27,371)	(27,391)	(125,336)	(9,970)	(190,068)
Recognised in profit or loss	10,445	27,391	(10,205)	(4,934)	22,697
At 31 December 2023	(16,926)	-	(135,541)	(14,904)	(167,371)
At 1 January 2022	(50,629)	(5,410)	(113,887)	(10,652)	(180,578)
Recognised in profit or loss	23,258	(21,981)	(11,449)	682	(9,490)
At 31 December 2022	(27,371)	(27,391)	(125,336)	(9,970)	(190,068)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses	427,924	23,887
Unabsorbed capital allowances	18,529	18,269
Unutilised investment tax allowances ("ITA")	1,100,943	996,952
Unutilised reinvestment allowances	22,183	-
Other deductible temporary differences	5,343	5,527
	<u>1,574,922</u>	<u>1,044,635</u>

The availability of the unutilised tax losses, unabsorbed capital allowances and unutilised investment tax allowances for offsetting against future taxable profits of the Group of companies are subject to no substantial change in shareholdings of the Group of companies under Section 44(5A) and Paragraph 75A, Schedule 3 of the Income Tax Act, 1967 ("the Act"). However, the Minister of Finance may exercise his powers under Section 44(5D) and Paragraph 75C, Schedule 3 of the Act to exempt all companies except dormant companies from the provision of Section 44(5A) and Paragraph 75A, Schedule 3 of the Act respectively. The unutilised tax losses can be carried forward and available for use for 10 years effective from the year of assessment 2019.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. DEFERRED TAX (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items: (cont'd.)

Year of expiry of unutilised tax losses is analysed as follows:

	Group	
	2023 RM'000	2022 RM'000
Expired by 2029	27,168	18,856
Expired by 2031	8,618	3,132
Expired by 2032	95,545	1,769
Expired by 2033	-	130
Expired by 2034	296,593	-
	<u>427,924</u>	<u>23,887</u>

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Trade receivables				
Third parties	110,716	164,722	-	-
Related companies	2,812	4,183	-	-
Joint operation	3,083	543	-	-
Amount due from customers on contracts (Note 18)	1,179,994	592,622	-	-
	<u>1,296,605</u>	<u>762,070</u>	-	-
Less: Allowance for impairment losses (Note 28(b)(ii)(b))	(31,600)	(30,561)	-	-
	<u>1,265,005</u>	<u>731,509</u>	-	-

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables				
Due from:				
- Immediate holding company	999	767	202	195
- Joint ventures	7,196	7,196	16	16
- Subsidiaries	-	-	248	796
Deposits	2,182	2,477	532	232
Prepayments	3,009	2,534	-	-
Staff loans	358	427	-	-
Non-trade receivables	16,457	7,438	27	538
	30,201	20,839	1,025	1,777
Less: Allowance for impairment losses (Note 28(b)(iii))	(4,184)	(4,371)	-	-
	26,017	16,468	1,025	1,777
Total current trade and other receivables	1,291,022	747,977	1,025	1,777
Total trade and other receivables	1,291,022	747,977	1,025	1,777
Less: Prepayments	(3,009)	(2,534)	-	-
Amount due from customers on contracts (Note 28(b)(ii)(b))	(1,179,289)	(592,277)	-	-
Add: Cash and bank balances (Note 19)	557,571	797,038	30,046	61,007
Total financial assets carried at amortised cost	666,295	950,204	31,071	62,784

Included in trade receivables due from related companies of the Group are amounts mainly due from:

	Group	
	2023 RM'000	2022 RM'000
(i) Other related companies		
- Eaglestar Shipmanagement (L) Pte Ltd	-	23
- PETRONAS Floating LNG 1 (L) Ltd	-	2,834
- PETRONAS Dagangan Berhad	-	1,243
- Malaysia Refining Company Sdn Bhd	2,812	61

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. TRADE AND OTHER RECEIVABLES (CONT'D.)

Included in the amount due from customers on contracts of the Group are amounts in respect of projects for:

	Group	
	2023 RM'000	2022 RM'000
(i) Other related companies		
- Eaglestar Shipmanagement (L) Pte Ltd	-	15,713
- PETRONAS Carigali Sdn Bhd	771,336	343,693
- Malaysia Refining Company Sdn Bhd	1,093	300

Included in the other receivables of the Group are amounts due from:

	Group	
	2023 RM'000	2022 RM'000
Immediate holding company	10,267	962

Credit terms of trade receivables for the Group, including trade receivables from related companies and joint operation, range from 30 days to 60 days (2022: 30 days to 60 days).

Credit terms of other receivables, amounts due from joint venture and subsidiaries range from 30 days to 45 days (2022: 30 days to 45 days).

Further information on credit risk is disclosed in Note 28(b).

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2023 RM'000	2022 RM'000
Amount due from customers on contracts (Note 28(b)(ii)(b))	1,179,994	592,622
Amount due to customers on contracts (Note 22)	(170,671)	(15,152)
	<u>1,009,323</u>	<u>577,470</u>

The movement of amount due from/(to) customers on contracts is as follows:

	Group	
	2023 RM'000	2022 RM'000
At the beginning of the year	577,470	457,939
Revenue recognised during the year (Note 4)	3,309,392	1,651,643
Billings during the year	(2,877,539)	(1,532,112)
At the end of the year	<u>1,009,323</u>	<u>577,470</u>

Included in amount due from customers on contracts is an allowance for expected credit losses of RM705,000 (2022: RM345,000).

	Group	
	2023 RM'000	2022 RM'000
Revenue recognised which was included in amount due to customers at the beginning of the financial year	15,152	119,192
Revenue recognised from performance obligations satisfied in the previous periods	<u>56,415</u>	<u>9,309</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash at banks and in hand	181,214	75,408	197	174
IFSSC bank balance	206,168	593,901	29,820	60,804
Deposits with licensed banks	170,189	127,729	29	29
Cash and bank balances	<u>557,571</u>	<u>797,038</u>	<u>30,046</u>	<u>61,007</u>

Since 1 July 2014, to allow for efficient cash management, most of the Group and the Company's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Services Centre ("IFSSC").

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made depending on the immediate cash requirements of the Group and of the Company and earn interest rates ranging from 1.75% to 4.50% (2022: 1.70% to 2.88%) per annum. The maturity periods of the Group's deposits with licensed banks as at the reporting date is between 7 to 91 days (2022: ranged between 30 days to 91 days).

The deposits with licensed banks of the Group and the Company of RM170,189,000 (2022: RM127,729,000) and RM29,000 (2022: RM29,000) respectively are placed with credible financial institutions.

Included in cash and bank balances of the Group is monies held in a finance service reserve account, restricted for use amounting to RM12,182,000 (2022: RM12,182,000).

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid:				
At 1 January/31 December	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,618,263</u>	<u>1,618,263</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. CASH FLOW HEDGE RESERVE

	Group	
	2023 RM'000	2022 RM'000
At 1 January	(5,700)	(165)
Recognised in other comprehensive income:		
Fair value gain/(loss) on effective portion of cash flow hedge	6,025	(5,535)
At 31 December	325	(5,700)

The cash flow hedge reserve represents the effective portion of the net change in the fair value of the forward currency contracts as at the reporting date being RM325,000 (2022 : RM5,700,000). As at 31 December 2023, the aforementioned forward currency contracts are expected to mature in year 2024.

22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables					
Third parties		216,580	141,238	-	-
Accruals		1,371,725	892,548	-	-
Retention monies		6,965	13,909	-	-
Provisions	a	85,362	65,053	-	-
Amount due to customers on contracts (Note 18)	b	170,671	15,152	-	-
		1,851,303	1,127,900	-	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. TRADE AND OTHER PAYABLES (CONT'D.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables					
Due to immediate holding company		1,547	152	-	-
Due to a subsidiary		-	-	1,284	2,436
Due to a joint operation		9,071	573	-	-
Accruals	c	116,912	110,446	6,495	4,955
Others		2,164	2,179	-	-
		129,694	113,350	7,779	7,391
Total trade and other payables		1,980,997	1,241,250	7,779	7,391
Add: Borrowings (Note 23)		366,970	335,187	-	-
Add: Lease liabilities (Note 12)		7,965	5,755	7,607	5,240
Less: Provisions		(85,362)	(65,053)	-	-
Less: Amount due to customers on contracts (Note 18)		(170,671)	(15,152)	-	-
Total financial liabilities carried at amortised cost		2,099,899	1,501,987	15,386	12,631

Credit terms of trade payables granted to the Group range from 30 days to 60 days (2022: 30 days to 60 days).

Amounts due to immediate holding company, subsidiary and joint operation are non-trade in nature and arose in the normal course of business.

(a) Provisions

The movement of provisions during the financial year are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	65,053	61,056
Recognised during the year (Note 6)	482,900	98,965
Utilised during the year	(451,791)	(94,968)
Reversal of provision (Note 6)	(10,800)	-
At 31 December	85,362	65,053

Provisions comprise of provision for onerous contracts and provision for guaranteed repairs.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. TRADE AND OTHER PAYABLES (CONT'D.)

(b) Amount due to customers on contracts

Included in the amount due to customers on contracts of the Group are amounts in respect of projects for:

	Group	
	2023 RM'000	2022 RM'000
Other related companies		
- Carigali-PTTEPI Operating Company Sdn Bhd	78,732	-
- Malaysia Refining Company Sdn Bhd	2,872	-

(c) Accruals

Included in non-trade accruals are amounts due to:

	Group	
	2023 RM'000	2022 RM'000
Government linked company		
- Tenaga Nasional Berhad	2,074	2,748

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Long term borrowing		
Secured:		
Term loan	261,251	298,971
Short term borrowings		
Secured:		
Term loan	37,719	36,216
Unsecured:		
Revolving credit	68,000	-
Total borrowings		
Term loan	298,970	335,187
Revolving credit	68,000	-
Total (Note 22)	366,970	335,187

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. BORROWINGS (CONT'D.)

During the year, the Group made total repayments of RM36,216,000 (2022: RM34,449,000) of term loan from its Tawarruq financing facility to finance the construction of Dry Dock No. 3. The term loan is secured by way of a charge over Dry Dock No. 3 with a carrying amount of RM413,111,000 (2022: RM428,116,000) and insurance of the relevant asset, as well as a corporate guarantee provided by the Company. The term loan is further secured by monies held in a finance service reserve account and is restricted for use as disclosed in Note 19. The loan bears a fixed profit rate of 4% per annum and is payable on a quarterly basis after a grace period of two years from the first drawdown.

During the year, the Group has drawdown revolving credit amounting to RM233,000,000 (2022: RM nil) and made repayments of RM165,000,000 (2022: RM nil) to finance its operations. The loan bears an average profit rate of 3.91% per annum (2022: nil) and is payable on a monthly basis.

Details of the outstanding borrowings are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Amounts repayable:		
Less than one year	105,719	36,216
More than one year but not later than two years	39,303	37,719
More than two years but not later than five years	127,994	122,880
More than five years	93,954	138,372
	<u>366,970</u>	<u>335,187</u>

24. COMMITMENTS

	Group	
	2023	2022
	RM'000	RM'000
Capital expenditure:		
Property, plant and equipment:		
Approved and contracted for	131,396	78,121
Approved but not contracted for	86,613	171,809
	<u>218,009</u>	<u>249,930</u>

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. COMMITMENTS (CONT'D.)

Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Not later than 1 year	16,234	17,624
Later than 1 year but not later than 5 years	4,413	4,427
	<u>20,647</u>	<u>22,051</u>

Operating lease payments represent rental payable by the Group for use of office equipment. These payments comprise leases with contract terms of less than 12 months and leases of low value assets with contract terms of more than 12 months, thus the Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

25. DERIVATIVES

	Group			
	2023		2022	
	Contract/ Notional amount RM'000	Fair value of liabilities RM'000	Contract/ Notional amount RM'000	Fair value of liabilities RM'000
Current				
Forward currency contracts:				
- Derivative liabilities	735,876	26,048	308,539	6,422

As at 31 December 2023, the Group held forward currency contracts designated as hedges of future payments denominated in United States Dollars ("USD"), Euro ("EUR") and Sterling Pounds ("GBP") and future receipts denominated in USD. The forward currency contracts are being used to hedge the foreign currency risk of the highly probable forecasted transactions.

The cash flow hedges of the expected future payments which are expected to mature in year 2024 were assessed. During the year, the Group recognised a net unrealised derivatives gain of RM6,025,000 (2022: loss of RM5,535,000) in its other comprehensive income and derivative loss of RM25,651,000 (2022: RM3,813,000 derivative gain) in profit or loss for the effective and ineffective portion respectively.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. CONTINGENT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Unsecured		
Performance bond on contracts extended to customers	1,012,080	741,498

27. RELATED PARTY DISCLOSURES

In addition to related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions. The directors are of the opinion that unless otherwise stated, the transactions below have been entered into in the normal course of business at terms agreed between the parties during the financial year.

As the ultimate holding company is wholly owned by the Ministry of Finance ("MoF"), the Group is deemed to be related to entities that are controlled, jointly controlled or significantly influenced by the Government of Malaysia.

	Group	
	2023 RM'000	2022 RM'000
(a) Income:		
Provision of services for repairs, engineering and construction works, conversion of vessels and dry docking to		
- fellow subsidiaries	74,406	51,608
- other related companies of ultimate holding company	2,013,750	458,328
(b) Expenses:		
Rental of office premise and provision of administrative services from other related companies of the ultimate holding company	1,151	1,189
Purchases from:		
- ultimate holding company	3,496	5,034
- immediate holding company	1,324	1,756
- fellow subsidiary	2,188	69
- other related companies of the ultimate holding company	29,200	28,593
- government-related entities	30,906	24,873

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Compensation of key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly, including any director of the Group and of the Company.

The remuneration of members of key management during the financial year are as follows:

	Group	
	2023 RM'000	2022 RM'000
Short-term employee benefits	7,543	6,469
Management fees (Note 7) *	2,069	2,209
Post-employment benefits:		
Defined contribution plan	523	246
	10,135	8,924

	Company	
	2023 RM'000	2022 RM'000
Short-term employee benefits	2,198	2,060
Management fees (Note 7) *	2,069	2,209
Post-employment benefits:		
Defined contribution plan	204	106
	4,471	4,375

Included in the total remuneration of key management personnel are:

	Group and Company	
	2023 RM'000	2022 RM'000
Directors' remuneration (Note 8)	919	1,043

* Included in the remuneration of key management personnel are management fees in relation to the services of three non-executive directors who are employees of the immediate holding company of the Group, MISC Berhad. There is one executive director whom is also a key management personnel is an employee of the ultimate holding company of the Group, PETRONAS.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS

(a) Financial risk management

The Group is exposed to various risks that are related to its core business of oil and gas engineering and construction works and marine conversion and repair. These risks arise in the normal course of the Group's businesses.

The Group monitors and ensures effective and robust execution of financial risk management through implementation of the Group's Financial Policy ("the Policy"), which was rolled down from the PETRONAS Financial Policy and MISC Financial Policy. The Policy anchors on the Group's commitment to become a financially resilient organisation. The Policy supports the following objectives:

- 1) Sets the overarching philosophy on commitment towards becoming financially resilient for longer term sustainability through efficient capital and liquidity management principles,
- 2) Ensures efficient capital and liquidity management amidst challenging and volatile business landscape,
- 3) Sets clear tone in shaping financial management and financial risk management practices for the organisation, and
- 4) Emphasises integration between Finance (Financial Management & Financial Risk Management) with businesses, to ensure business strategies integrate appropriate financial management and financial risk management consideration in the overall strategy.

The Group's key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk as summarised below. It is, and has been throughout the financial year under review, the Group's policy not to undertake any speculative trading in derivative financial instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from its operating activities, mainly from trade receivables and amount due from customers on contracts, and from its investing activities, including deposits with banks and financial institutions.

(i) Maximum credit risk exposure

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts as disclosed in Notes 17, 18 and 19.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and amount due from customers on contracts

(a) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and amount due from customers on contracts at the reporting date is as follows:

	Group	
	2023 RM'000	2022 RM'000
Heavy Engineering segment	1,213,751	676,652
Marine segment	82,854	85,418
	1,296,605	762,070

(b) Recognition and measurement of impairment loss

At each reporting date, the Group and the Company assess whether any of the trade receivables and amount due from customers on contract are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group performs credit rating assessment of all its counterparties in order to measure expected credit loss ("ECL") of trade receivables for all segments using the PETRONAS Credit Risk Rating System. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties, which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECLs, the probability of default assigned to each counterparty is based on each individual counterparty's credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's historical experience.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and amount due from customers on contracts (cont'd.)

(b) Recognition and measurement of impairment loss (cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and amount due from contracts with customers as at 31 December 2022 which are grouped together as they are expected to have similar risk nature.

Credit risk rating

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Low risk	1,111,910	(572)	1,111,338
Medium risk	138,982	(214)	138,768
High risk	15,112	(213)	14,899
	1,266,004	(999)	1,265,005
Individually impaired	30,601	(30,601)	-
	1,296,605	(31,600)	1,265,005
Representing:			
Trade receivables (Note 17)	116,611	(30,895)	85,716
Amount due from customers on contracts (Note 18)	1,179,994	(705)	1,179,289
	1,296,605	(31,600)	1,265,005
2022			
Low risk	686,185	(359)	685,826
Medium risk	43,783	(3)	43,780
High risk	1,964	(61)	1,903
	731,932	(423)	731,509
Individually impaired	30,138	(30,138)	-
	762,070	(30,561)	731,509
Representing:			
Trade receivables (Note 17)	169,448	(30,216)	139,232
Amount due from customers on contracts (Note 18)	592,622	(345)	592,277
	762,070	(30,561)	731,509

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and amount due from customers on contracts (cont'd.)

(b) Recognition and measurement of impairment loss (cont'd.)

The trade receivables that are neither past due nor impaired, past due but not impaired and impaired are disclosed below:

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	76,628	103,059
1 to 30 days past due not impaired	5,468	33,567
31 to 60 days past due not impaired	549	2,606
61 to 90 days past due not impaired	533	-
More than 90 days past due not impaired	-	-
	6,550	36,173
Impaired	30,895	30,216
	114,073	169,448

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and/or have adequate security in the form of corporate guarantee or collaterals.

The Group has trade receivables that are past due at the reporting date but not impaired amounting to RM6,550,000 (2022: (RM36,173,000). These balances are either secured by collaterals or relate mainly to customers who have never defaulted on payments but are slow paymasters and hence, are periodically monitored.

The movements in the allowance for impairment losses of trade receivables and amount due from customers on contracts during the year are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	30,561	51,804
Net allowance/(reversal) for impairment loss (Note 6)	1,039	(21,243)
At 31 December (Note 17)	31,600	30,561

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Credit risk (cont'd.)

(iii) Other receivables

The Group's other receivables that are impaired at the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	4,371	4,342
Net (reversal)/allowance for impairment loss (Note 6)	(187)	29
At 31 December (Note 17)	4,184	4,371

(iv) Other financial assets

With respect to credit risk arising from other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure represented by the carrying amount of these instruments.

Since 1 July 2014, cash and bank balances were held in the IHA managed by PETRONAS IFSSC. The centralisation of fund management allows for effective cash visibility, fund management for the Group and minimise exposure to counterparty credit risk. The beneficiary of these financial assets remain with the Group.

PETRONAS IFSSC, which operates as a treasury management platform, in turn, places all funds under management in licensed financial institutions with strong credit ratings globally and in Malaysia. In addition, the Group's deposits are placed with licensed banks with strong credit ratings in Malaysia.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans and revolving credit facilities.

As at 31 December 2023, the Group and the Company had at its disposal cash and cash equivalents amounting to RM545,389,000 (2022: RM784,856,000) and RM30,046,000 (2022: RM61,007,000) respectively.

The Group's holding of cash and short term deposits, together with committed funding facilities and net cash generated from operating activities, are expected to be sufficient to cover its cash flow requirements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on the undiscounted contractual payments:

	On demand or within one year	One to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 31 December 2023				
Trade and other payables	1,724,964	-	-	1,724,964
Lease liabilities	1,091	3,859	5,112	10,062
Borrowings	117,815	199,262	99,114	416,191
Derivatives	26,048	-	-	26,048
	1,869,918	203,121	104,226	2,177,265
At 31 December 2022				
Trade and other payables	1,161,045	-	-	1,161,045
Lease liabilities	1,235	4,611	530	6,376
Borrowing	49,815	199,262	148,930	398,007
Derivatives	6,422	-	-	6,422
	1,218,517	203,873	149,460	1,571,850
Company				
At 31 December 2023				
Trade and other payables	7,779	-	-	7,779
Lease liabilities	915	3,662	5,112	9,689
	8,694	3,662	5,112	17,468
At 31 December 2022				
Trade and other payables	7,391	-	-	7,391
Lease liabilities	1,060	4,238	530	5,828
	8,451	4,238	530	13,219

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant long term interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been placed mostly in time deposits and overnight placements.

As most of the Group's financial liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

The carrying amount of revolving credit is reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rate on or near the reporting date.

(e) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and British Pound Sterling ("GBP").

The net unhedged significant financial receivables and payables and cash and bank balances of the Group that are not denominated in their functional currencies are as follows:

	USD RM'000	EUR RM'000	SGD RM'000	GBP RM'000	Total RM'000
Group					
At 31 December 2023	164,784	(855)	7,186	(337)	170,778
At 31 December 2022	24,764	(1,036)	16,967	(360)	40,335

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Foreign currency risk (cont'd.)

(i) Foreign currency sensitivity

The following table demonstrates the sensitivity of the Group's (loss)/profit before taxation and other comprehensive (loss)/income to a reasonably possible change in the USD, EUR, SGD and GBP exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant:

	Change in currency rate %	Effect on loss before taxation Decrease/ (increase) RM'000	Effect on other compre- hensive loss Decrease/ (increase) RM'000
31 December 2023			
USD	+10%	21,216	1,682
	-10%	(21,216)	(1,682)
EUR	+10%	(86)	116
	-10%	86	(116)
SGD	+5%	383	54
	-5%	(383)	(54)
GBP	+5%	(17)	3
	-5%	17	(3)

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Foreign currency risk (cont'd.)

(i) Foreign currency sensitivity (cont'd.)

	Change in currency rate %	Effect on profit before taxation Increase/ (decrease) RM'000	Effect on other compre- hensive income Increase/ (decrease) RM'000
31 December 2022			
USD	+10%	14,721	17,026
	-10%	(14,721)	(17,026)
EUR	+10%	(2)	232
	-10%	2	(232)
SGD	+5%	893	73
	-5%	(893)	(73)
GBP	+5%	(3)	171
	-5%	3	(171)

29. CAPITAL MANAGEMENT

The Group's capital management is defined as the process of managing the ratio of its equity and debt structure so as to ensure that it maintains a healthy capital ratio to support its business and maximise shareholders' value. The Group's approach in managing capital is set out in the Group's financial policy.

The debt to equity ratio of the Group as at 31 December 2023 and 31 December 2022 are as follows:

	Note	2023 RM'000	2022 RM'000
Borrowings	23	366,970	335,187
Total equity		1,267,340	1,769,510
Gross debt to equity ratio		0.29	0.19

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one group/company to another.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value information

The carrying amounts of cash and bank balances, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of floating rate loans and borrowings reasonably approximate their fair values as they are repriced to market interest rates on or near the reporting date.

The following table analyses financial assets and financial liabilities of the Group carried at fair value and financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Note	Fair value of financial instruments carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
At 31 December 2023					
Financial liability					
Forward currency contracts	25	-	(26,048)	-	(26,048)
At 31 December 2022					
Financial liability					
Forward currency contracts	25	-	(6,422)	-	(6,422)

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value information (cont'd.)

	Note	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
At 31 December 2023						
Financial liability						
Term loan						
- fixed rate	23	-	(282,742)	-	(282,742)	(298,970)
At 31 December 2022						
Financial liability						
Term loan						
- fixed rate	23	-	(319,569)	-	(319,569)	(335,187)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Fair value information (cont'd.)

Transfers between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

Level 1 fair value measurements

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets that the entity can assess at the measurement date.

Level 2 fair value measurements

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly.

The following are descriptions of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

Non-derivative financial liabilities

The fair value of the fixed rate loan and borrowings which is determined for disclosure purposes is calculated by discounting expected future cash flows at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements

Level 3 fair value is estimated using unobservable inputs that are not based on observable market data.

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments according to the services provided:

- (i) Heavy Engineering segment – provision of services for oil and gas engineering, and construction works.
- (ii) Marine segment – provision of marine conversion works and repair services.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. SEGMENT INFORMATION (CONT'D.)

	Heavy Engineering segment RM'000	Marine segment RM'000	Others RM'000	Total RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
31 December 2023							
Revenue							
External customers	2,985,525	323,867	-	3,309,392	-		3,309,392
Result							
Operating (loss)/profit	(499,111)	22,466	9,013	(467,632)	(38)	A	(467,670)
Finance cost				(15,382)	-		(15,382)
Loss before taxation				(483,014)	(38)		(483,052)
Taxation				(1,143)	-		(1,143)
Loss for the year				(484,157)	(38)		(484,195)
Segment assets							
Due from customers on contracts	1,145,644	33,645	-	1,179,289	-		1,179,289
Trade receivables	65,424	18,760	1,532	85,716	-		85,716
Total segment assets	1,211,068	52,405	1,532	1,265,005	-	B	1,265,005
Segment liabilities							
Due to customers on contracts	(169,287)	(1,384)	-	(170,671)	-		(170,671)
Total segment liabilities	(169,287)	(1,384)	-	(170,671)	-	C	(170,671)
Included in operating (loss)/profit are:							
Depreciation and amortisation	(39,446)	(30,876)	(5,549)	(75,871)	(38)		(75,909)
Assets written off	-	-	(60)	(60)	-		(60)
Net allowance of impairment loss							
- trade and other receivables (net)	-	-	(852)	(852)	-		(852)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. SEGMENT INFORMATION (CONT'D.)

	Heavy Engineering segment RM'000	Marine segment RM'000	Others RM'000	Total RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
31 December 2022							
Revenue							
External customers	1,314,791	336,852	-	1,651,643	-		1,651,643
Result							
Operating (loss)/profit	(8,700)	61,649	8,005	60,954	(38)	A	60,916
Finance cost				(14,182)	-		(14,182)
Profit before taxation				46,772	(38)		46,734
Taxation				20,904	-		20,904
Profit for the year				67,676	(38)		67,638
Segment assets							
Due from customers on contracts	576,437	15,840	-	592,277	-		592,277
Trade receivables	96,366	35,048	7,818	139,232	-		139,232
Total segment assets	672,803	50,888	7,818	731,509	-	B	731,509
Segment liabilities							
Due to customers on contracts	(110)	(15,042)	-	(15,152)	-		(15,152)
Total segment liabilities	(110)	(15,042)	-	(15,152)	-	C	(15,152)
Included in operating (loss)/profit are:							
Depreciation and amortisation	(44,264)	(34,236)	(1,332)	(79,832)	(38)		(79,870)
Assets written off	-	(232)	-	(232)	-		(232)
Net reversal of impairment loss							
- trade and other receivables (net)	-	17,365	3,849	21,214	-		21,214

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. SEGMENT INFORMATION (CONT'D.)

Management monitors the assets and liabilities on a group basis and not by operating segments.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Note

A Inter-segment revenues and transactions are eliminated on consolidation.

B The following items are deducted from total assets as reported in the statements of financial position to arrive at segment assets:

	2023 RM'000	2022 RM'000
Total assets	3,649,320	3,358,124
Property, plant and equipment	1,507,698	1,493,445
Right-of-use assets	195,357	200,408
Investment in joint ventures	1,516	1,516
Deferred tax assets	93,293	93,293
Inventories	2,815	2,767
Other receivables	26,017	16,468
Cash and bank balances	557,571	797,038
Tax recoverable	48	21,680
Adjustments and eliminations to total assets	2,384,315	2,626,615
Total segment assets	1,265,005	731,509
The segment assets comprise:		
Due from customers on contracts	1,179,289	592,277
Trade receivables	85,716	139,232
	1,265,005	731,509

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. SEGMENT INFORMATION (CONT'D.)

Note

C The following items are deducted from total liabilities as reported in the statements of financial position to arrive at segment liabilities:

	2023 RM'000	2022 RM'000
Total liabilities	2,381,980	1,588,614
Trade and other payables	1,810,326	1,226,098
Derivatives	26,048	6,422
Borrowing	366,970	335,187
Lease liabilities	7,965	5,755
Adjustments and eliminations to total liabilities	2,211,309	1,573,462
Total segment liabilities	170,671	15,152

The segment liabilities solely comprise of amount due to customers on contracts.

Geographical information

Substantially all of the Group's revenue is derived locally and non-current assets are located within Malaysia.

FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. SEGMENT INFORMATION (CONT'D.)

Information about major customers

Breakdown of revenue from major customers are as follows:

	2023 RM'000	2022 RM'000
PETRONAS Floating LNG2 (L) Ltd - Marine segment	5,077	-
Eaglestar Shipmanagement (L) Pte Ltd, a fellow subsidiary - Marine segment	33,984	51,608
PETRONAS Carigali Sdn Bhd, a related company - Heavy Engineering segment	1,792,007	449,137
Malaysian Refining Company Sdn Bhd, a related company - Marine segment	6,805	4,053
Carigali - PTTEPI Operating Co. - Heavy Engineering segment	207,929	111
Petrofac International Ltd - Heavy Engineering segment	20,005	-
Sarawak Shell - Heavy Engineering segment	354,497	1,972
SapuraOMV Upstream (Sarawak) Inc. - Heavy Engineering segment	603,643	859,055
Idemitsu SM (Malaysia) Sdn Bhd, a related company - Marine segment	305	109

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. SIGNIFICANT EVENTS

32.1 Material litigations

(a) Keabangan Petroleum Operating Company Sdn Bhd (“KPOC”) v MMHE

On 13 March 2019, MMHE received a notice of arbitration from KPOC in relation to claims arising from the Keabangan (“KBB”) field project. KPOC claimed that MMHE was in breach of contract in respect of matters relating to supply of certain valves. The valves procured by MMHE were claimed to be defective and that KPOC suffered substantial loss and damage.

By way of Final Award dated 23 July 2021 that was made available to MMHE on 3 August 2021 (“Final Award”), the Arbitral Tribunal has ordered that MMHE shall pay KPOC the following:-

- i) The sum of RM17,241,178 as damages for the expenses incurred by KPOC for assessment, procurement and replacement of valves in the period of 2016 to 2019, together with interest at the rate of 5% per annum from 11 October 2019 to the date of payment;
- ii) The sum of RM9,820,770 as damages suffered by KPOC in having to procure 1,365 valves and install 1,454 valves in the future, together with interest at the rate of 5% per annum from 11 October 2019 till the date of payment; and
- iii) The sum of RM1,029,167 for its legal fees and expenses.

In the same Final Award mentioned above, the Arbitral Tribunal also dismissed all of KPOC’s claim for loss of revenue in the sum of RM28,030,906.

On 30 September 2021, MMHE filed an application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, whereby MMHE seeks for the Final Award to be set aside on grounds, amongst others, that there was a breach of the rules of natural justice in connection with the making of the Final Award. KPOC, in this regard, has filed an application to seek leave from the High Court to register and enforce the Final Award as a Judgment of the High Court. (collectively, “Applications”).

On 30 August 2022, the High Court allowed MMHE’s application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, amongst others, on grounds that there was a breach of the rules of natural justice in connection with the making of the Final Award with costs in favour of MMHE for the sum of RM30,000 and further dismissed KPOC’s application for leave to register and enforce the Final Award as a Judgment of the High Court with the costs to MMHE of RM10,000.

On 27 September 2022, KPOC lodged Notices of Appeal against the Orders of the High Court dated 30 August 2022 (“the Appeal”).

Various case managements were held between 27 December 2022 to 16 October 2023. Subsequently, the High Court has submitted the Grounds of Judgement and Notes of Evidence to the Court of Appeal. The matter is fixed for hearing on 11 July 2024.



Additional Information

Corporate Information	304
Corporate Structure	305
Properties Owned by MHB and its Subsidiaries	306
30 Largest Shareholders	308
Statistics on Shareholdings	310
ESG Performance Data	312
Bursa Malaysia ESG Reporting Platform	321
List of Abbreviations	323
GRI Context Index	329
TCFD Content Index	333
Notice of Annual General Meeting	334
Administrative Notes	339
Proxy	345

ADDITIONAL INFORMATION

Corporate Information

AS AT 16 FEBRUARY 2024

Board of Directors

Chairman, Independent Non-Executive Director
 Mohammad Suhaimi Mohd Yasin

Senior Independent Non-Executive Director
 Gladys Leong

Independent Non-Executive Director
 Keith Taylor
 Wan Yusoff Wan Hamat

Non-Independent Non-Executive Director
 Captain Rajalingam Subramaniam
 Raja Azlan Shah Raja Azwa
 Ausmal Kardin

Managing Director & Chief Executive Officer, Non-Independent Executive Director
 Mohd Nazir Mohd Nor

Board Audit Committee

- Gladys Leong (Chairperson)
- Keith Taylor
- Ausmal Kardin

Nomination & Remuneration Committee

- Wan Yusoff Wan Hamat (Chairman)
- Gladys Leong
- Ausmal Kardin

Board Risk Committee

- Keith Taylor (Chairman)
- Wan Yusoff Wan Hamat
- Raja Azlan Shah Raja Azwa

Company Secretaries

Shahrin Albakri Mustafa Albakri MCCA (M01832)
 Suruhanjaya Syarikat Malaysia
 Practicing Certificate (202108000633)

Haniza Sabaran FCIS (CS) (CGP) (MAICSA 7032233)
 Suruhanjaya Syarikat Malaysia
 Practicing Certificate (201908001761)

Registered Office

Level 31, Menara Dayabumi
 Jalan Sultan Hishamuddin
 50050 Kuala Lumpur
 Malaysia
 Telephone : +603 2273 0266
 Facsimile : +603 2273 8916
 Email : enquiries@mmhe.com.my
 Website : www.mhb.com.my

Auditors

Ernst & Young PLT
 Level 23A Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 50490 Kuala Lumpur
 Malaysia
 Telephone : +603 7495 8000
 Facsimile : +603 2095 5332

Share Registrar

Boardroom Share Registrars Sdn Bhd
 11th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13, 46200 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia
 Telephone : +603 7890 4700
 Facsimile : +603 7890 4670

Form of Legal Entity

Incorporated on 18 February 1989 as a private company limited by shares and converted into a public company limited by shares on 14 June 2010

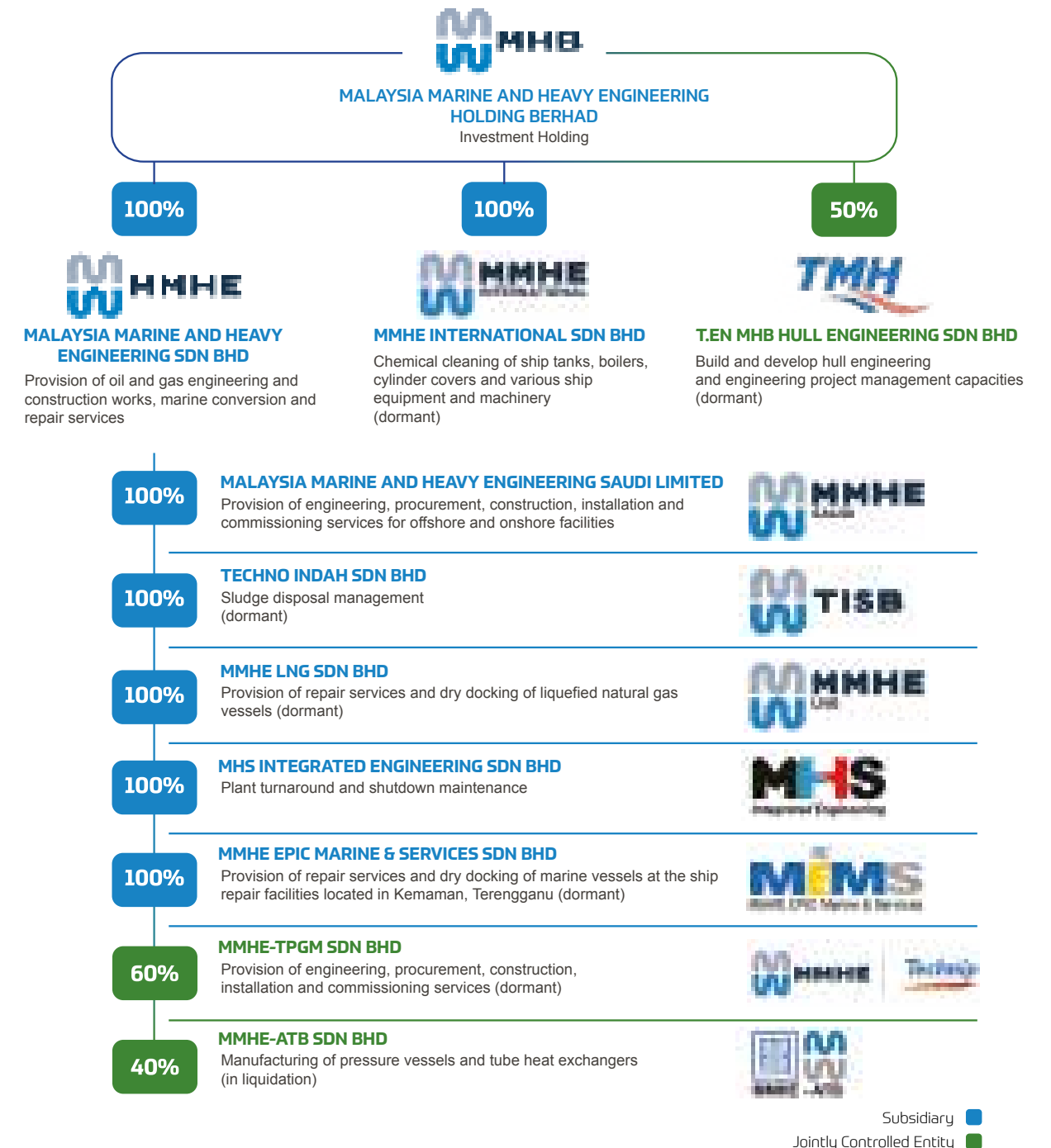
Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad since 29 October 2010.
 Stock Code : 5186
 Stock Name : MHB

Place of Incorporation and Domicile

Malaysia

Corporate Structure



ADDITIONAL INFORMATION

Properties Owned by MHB and Its Subsidiaries

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

No.	Location	Description	Tenure & Year Lease Expires	Area in Sq ft	Existing use	Age of Building/Land (Years)	Approx NBV (RM'000)
1.	PTD 22805 Mukim Plentong Johor Bahru	Land, Shipyard	Leasehold/ 2073	13,115,306	Marine Repair, Marine Conversion, Heavy Engineering fabrication yard, ancillary facilities and office buildings	44	37,679
2.	PTD 11549 Mukim Plentong Johor Bahru	Land, Shipyard	Leasehold/ 2075	522,720	Marine Repair, Marine Conversion, Heavy Engineering fabrication yard, ancillary facilities and office buildings	48	659
3.	PTD 101363 Mukim Plentong Johor Bahru	Land	Leasehold/ 2039	2,567,862	Storage Area	14	13,743
4.	PTD 65615 Mukim Plentong Johor Bahru	Land	Leasehold/ 2044	698,266	Staff Quarters	40	1,668
5.	PTD 65618 Mukim Plentong Johor Bahru	Land	Leasehold/ 2044	587,624	Staff Quarters	40	1,403
6.	PTD 65619 Mukim Plentong Johor Bahru	Land	Leasehold/ 2044	128,502	Staff Quarters	40	307
7.	PTD 65616 Mukim Plentong Johor Bahru	Land	Leasehold/ 2044	169,884	Vacant	40	406
8.	PTD 65617 Mukim Plentong Johor Bahru	Land	Leasehold/ 2044	374,180	Vacant	40	894
9.	Pasir Gudang Industrial Estate 81707 Pasir Gudang (erected on land 1 & 2 above)	Warehouse, workshops and office building	Leasehold/ 2073/2075	1,956,881	Marine Repair, Marine Conversion, Heavy Engineering fabrication yard, ancillary facilities and office buildings	46	1,089,549
10.	Rumah Pangsa MMHE 81700 Pasir Gudang (erected on land 4 to 6 above)	4-storey residential flats	Leasehold/ 2044	383,559	Staff Quarters	45	1,499

Properties Owned by MHB and Its Subsidiaries

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

No.	Location	Description	Tenure & Year Lease Expires	Area in Sq ft	Existing use	Age of Building/Land (Years)	Approx NBV (RM'000)
11.	PTD 71056 Mukim Plentong Johor Bahru	Land, Yard	Leasehold/ 2045	1,524,600	Heavy Engineering fabrication yard, ancillary fabrication and office buildings	38	32,686
12.	PTD 109040 Mukim Plentong Johor Bahru	Land	Leasehold/ 2053	217,800	Workshop, ancillary facilities and site office	30	5,361
13.	PTD 200290 Mukim Plentong Johor Bahru	Land, Yard	Leasehold/ 2052	2,424,158	Workshop, ancillary facilities and office buildings	15	61,551
14.	PTD 22768 Mukim Plentong Johor Bahru	Land	Leasehold/ 2040	435,600	Storage Area	43	8,417
15.	LOT 51611 Mukim Plentong Johor Bahru	Land	Leasehold/ 2045	173,514	Ancillary facilities and storage area	27	3,720
16.	PTD 110760 Mukim Plentong Johor Bahru	Land	Leasehold/ 2052	205,603	Workshop, ancillary facilities and office buildings	30	4,911
17.	PTD 110758 Mukim Plentong Johor Bahru	Land	Leasehold/ 2052	59,242	Cabin office and warehouse	30	1,490
18.	PTD 233477 Mukim Plentong Johor Bahru	Land	Leasehold/ 2079	333,197	Heavy Engineering fabrication yard and ancillary facilities	5	12,956

ADDITIONAL INFORMATION

30 Largest Shareholders

AS AT 16 FEBRUARY 2024

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
1.	MISC BERHAD	1,064,000,000	66.50
2.	HSBC NOMINEES (ASING) SDN BHD TECHNIPFMC PLC	136,000,000	8.50
3.	LEMBAGA TABUNG ANGKATAN TENTERA	35,425,100	2.21
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	23,999,900	1.50
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD	14,314,480	0.90
6.	LEOW HONG YEN	11,550,000	0.72
7.	TEOH CHOO EE	9,850,000	0.62
8.	LEMBAGA TABUNG HAJI	8,472,000	0.53
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHUA SENG SAM	8,400,700	0.53
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	8,200,000	0.51
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	6,351,100	0.40
12.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	5,613,800	0.35
13.	LEE KEK MING	4,200,000	0.26
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YUET MAY (REM 825)	3,648,000	0.23
15.	LEW SIEW YEN	3,212,000	0.20
16.	LIM GAIK BWAY @ LIM CHIEW AH	2,923,100	0.18
17.	LEE SEE JIN	2,602,800	0.16
18.	MUHAYUDDIN BIN MUSA	2,537,000	0.16
19.	THANG GUAN CHUNG	2,500,000	0.16
20.	PHOON ONN LEONG	2,450,000	0.15
21.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHOI FOK @ LEE CHOON FOOK	2,170,000	0.14
22.	HSBC NOMINEES (ASING) SDN BHD SBL OF MORGAN STANLEY & CO. INTERNATIONAL PLC	2,130,620	0.13
23.	OH MUI HENG	2,080,000	0.13

30 Largest Shareholders

AS AT 16 FEBRUARY 2024

24.	AMANAHRAYA TRUSTEES BERHAD BSN DANA DIVIDEN AL-IFRAH	2,002,400	0.13
25.	CHAN HOE HOCK	2,000,000	0.13
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BASKARAN A/L GOVINDA NAIR	2,000,000	0.13
27.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIVA KUMAR A/L M JEYAPALAN	1,846,200	0.12
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YOON PECK	1,732,300	0.11
29.	LEE CHEE BENG	1,646,200	0.10
30.	CHONG MEE SIN	1,620,000	0.10
	TOTAL	1,375,477,700	85.97

ADDITIONAL INFORMATION

Statistics on Shareholdings

AS AT 16 FEBRUARY 2024

Total Number of Issued Shares : 1,600,000,000 ordinary shares

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	643	6.65	3,166	0.00
100 - 1,000	1,949	20.16	1,371,170	0.09
1,001 - 10,000	4,429	45.80	21,077,710	1.32
10,001 - 100,000	2,197	22.72	73,168,621	4.57
100,001 to less than 5% of issued shares	450	4.65	304,379,333	19.02
5% and above of issued shares	2	0.02	1,200,000,000	75.00
TOTAL	9,670	100.00	1,600,000,000	100.00

DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors' Interest in the Company

Name	Direct		Indirect	
	No. of Share	%	No. of Shares	%
Wan Yusoff Wan Hamat	10,000	0.00	-	-
Ausmal Kardin	4,000	0.00	-	-

Statistics on Shareholdings

AS AT 16 FEBRUARY 2024

Directors' Interests in Related Corporations

PETRONAS GAS BERHAD

Name	Direct		Indirect	
	No. of Share	%	No. of Shares	%
Wan Yusoff Wan Hamat	5,000	0.00	-	-

PETRONAS CHEMICALS GROUP BERHAD

Name	Direct		Indirect	
	No. of Share	%	No. of Shares	%
Mohammad Suhaimi Mohd Yasin	6,000	0.00	-	-

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct		Indirect	
		No. of Share	%	No. of Shares	%
1.	MISC Berhad	1,064,000,000	66.50	-	-
2.	TechnipFMC Plc - shares held through HSBC Nominees (Asing) Sdn Bhd	136,000,000	8.50	-	-

ADDITIONAL INFORMATION

ESG

Performance Data

ECONOMIC

TABLE 1.1: CUSTOMER EXPERIENCE

Customer Experience				
Disclosure	2021	2022	2023	
Total number of customers:	59	63	55	
Marine Business	55	59	50	
Heavy Engineering Business (HEB)	4	4	5	
Total number of vessels/ projects	98	91	80	
Marine Business	94	87	75	
Heavy Engineering Business (HEB)	4	4	5	
Customer Satisfaction Survey Index Results-Heavy Engineering	6.8	6.6	6.5	
Customer Satisfaction Survey Index Results-Marine	8.4	7.8	8.7	
Total Number of Customer Complaints Dealt With-Heavy Engineering	Nil	Nil	7	
Total Number of Customer Complaints Dealt With-Marine	12	97	4	

ESG

Performance Data

ENVIRONMENT

TABLE 2.1: EMISSIONS AND ENERGY

Emissions and Energy				
Disclosures	2021	2022	2023	
Direct (Scope 1) GHG Emissions (tonnes CO ₂ e)	4,926 ^(a)	8,258	9,928	
Energy Indirect (Scope 2) GHG Emissions (tonnes CO ₂ e)	25,819 ^(b)	28,312 ^(b)	27,882	
Energy consumption within the organisation (Litres) - Petrol	13,080	20,571	30,124	
Energy consumption within the organisation (tonnes CO ₂ e) - Gas	1,186	2,268	2,339	
Energy consumption within the organisation (Litres) - Biodiesel	1,450,717	2,318,251	2,930,082	
Energy consumption within the organisation (MWh) - Electricity	38,709 ^(c)	42,446 ^(c)	41,803	
Energy consumption within the organisation (MWh) - Renewable Energy (Solar Power)	6,843	8,956	8,826	
Energy consumption within the organisation (MWh)	71,585	70,558	75,545	
Energy intensity (GJ/RM million)	146	158	87	
Reduction of energy consumption from the previous year (%)	33.9	25.5	(33.9)*	
Other Indirect (Scope 3) GHG Emissions (tonnes CO ₂ e):				
Category 6 – Business Travel (tonnes CO ₂ e)	N/A	266.5	578	
Category 7 – Employee Commuting (tonnes CO ₂ e)	N/A	5,288 ^(d)	1,436 ^(e)	
NOX Emissions (tonnes)	4.49	7.17	9.07	
SOX Emissions (tonnes)	1.27	2.03	2.55	
PM10 Emissions (tonnes)	0.57	0.95	1.19	
Carbon Intensity (tCO ₂ e/revenue) (RM million)	22 ^(f)	23	12	
Carbon Intensity (tCO ₂ e/thousand man-days)	2.14	1.91	1.72	
Reduction of GHG Emissions from the previous year (%)	N/A	13%	3%	

Notes:

- (a) Restated due to exclusion of biodiesel.
- (b) Restated due to inclusion of MMHE premises other than West Yard.
- (c) Restated after internal verification to the primary data.
- (d) Estimated average emission of the whole MHB employee population based on the projection from the available number of employee commuting data.
- (e) The emission data is derived from the responses collected in an employee commuting survey.
- (f) Restated after internal verification.

* Increase of energy consumption.

ADDITIONAL INFORMATION

ESG Performance Data

ENVIRONMENT

TABLE 2.2: WATER MANAGEMENT

Water Management				
Disclosure	2021	2022	2023	
Industrial Wastewater Discharged (m3)	21	61	439	
Water consumption (m3)	568,698	697,266	783,009	

TABLE 2.3: WASTE MANAGEMENT

Water Management				
Disclosure	2021	2022	2023	
Schedule Waste				
Scheduled waste generated (MT)	15,729	16,364	19,009	
Waste diverted from disposal (MT)	11,650	20,730	18,979	
Waste directed to disposal (MT)	0	175.92	15.00	
Non- Schedule Waste				
Waste generated (MT) Inclusive waste diverted from landfill	3,899.99	4,868.83	4,768.09	
Waste diverted from disposal (MT)	154.91*	124.93	108.08	
Waste directed to disposal (MT)	3,745.08	4,743.90	4,659.45	
Waste Recycled (MT)	154.91*	124.93	108.08	
Iron / Steel from Yard Cleaning - Recycled (MT)	51.33	646.26	468.69	
Total non-scheduled and scheduled waste to landfill (metric tonnes)				
Scheduled Waste (MT)	0	175.92	15.00	
Non-Scheduled Waste (MT)	3,745.00	4,743.90	4,659.45	
Food Waste (MT)	0	68.32	62.04	
Type of Recycled Waste				
Plastic (MT)	3.55	78.91	25.24	
Paper (MT)	8.61	19.46	29.21	
Scrap iron (MT)	51.33	646.26	468.69	
Wood (MT)	81.81	26.56	53.63	

*Restated after internal verification.

TABLE 2.4: ENVIRONMENTAL IMPACTS OF PROJECT DEVELOPMENT

Environmental Impact of project Development				
Disclosure	2021	2022	2023	
-Number of incidents of non-compliance with environmental permits, standards and regulations-	0	2	0	

ESG Performance Data

SOCIAL

TABLE 3.1: EMPLOYMENT

Employment				
Disclosure	2021	2022	2023	
Employees (Headcount)	2,649	3,365	4,717	
	Permanent	1,221	1,274	1,341
	Non-Permanent	1,428	2,091	3,376
	Total	2,649	3,365	4,717
Number of New Employees	450	1,277	2,029	
Total Number of Union Members	314	319	320	

TABLE 3.2: OCCUPATIONAL SAFETY & MENTAL HEALTH

Occupational Safety & Mental Health				
Disclosure	2021	2022	2023	
Number of staff trained on health and safety standards	1,709	6,737	5,693	
Number of staff trained on health and safety standards (man-hours)	13,044	39,101	45,903	
Number of contractors trained on health and safety standards	8,347	10,633	9,987	
Number of contractors trained on health and safety standards (man-hours)	35,327	52,559	47,715	
Number of Total Man-hours achieved (Inclusive of Contractors)	13,952,986	19,368,454	22,304,938	
Safe man-hours without LTI	3,401,385	5,744,499	4,454,094	
Major Property Damage	0	0	0	
Major Fire	0	0	0	
Major Oil Spill	0	0	0	
Lost Time Injury (LTI)	3	2	2	
Total Recordable Case (TRC)	7	3	9	
Fatality	0	0	1	
Lost Time Injury Frequency (LTIF)	0.22	0.10	0.13	
Total Recordable Case Frequency (TRCF)	0.50	0.16	0.40	

ADDITIONAL INFORMATION

ESG Performance Data

SOCIAL

TABLE 3.3: DIVERSITY AND INCLUSION

Diversity and Inclusion				
Disclosures	2021	2022	2023	
Breakdown of Employees by Gender (%)				
Female %	20.1	18.5	18.7	
Male %	79.9	81.5	81.3	
Breakdown of Male Employees by Position (headcount)				
Board of Directors	1	1	1	
Senior Management	27	29	28	
Management	171	200	236	
Senior Executive	165	216	299	
Executive	568	644	897	
Non-Executive	1,185	1,653	2,373	
Total	2,117	2,743	3,834	
Breakdown of Female Employees by Position (headcount)				
Board of Directors	0	0	0	
Senior Management	2	3	2	
Management	35	46	57	
Senior Executive	53	67	90	
Executive	217	242	350	
Non-Executive	225	264	384	
Total	532	622	883	
Breakdown of Male Employees by Age Group (headcount)				
60-69 years	16	24	37	
50-59 years	349	371	417	
40-49 years	449	549	771	
30-39 years	908	1,014	1,305	
20-29 years	394	721	1,253	
18-19 years	1	64	51	
Total	2,117	2,743	3,834	

ESG Performance Data

SOCIAL

TABLE 3.3 DIVERSITY AND INCLUSION (CONT'D)

Diversity and Inclusion				
Disclosures	2021	2022	2023	
Breakdown of Female Employees by Age Group (headcount)				
60-69 years	0	1	2	
50-59 years	42	43	46	
40-49 years	117	152	218	
30-39 years	244	250	269	
20-29 years	129	175	343	
18-19 years	0	1	5	
Total	532	622	883	
Number of Senior Management are Local Communities - Malaysian				
Johorian	8	7	6	
Female in Technical Position (%)				
	9.4	8.80	11.8	
Employee Turnover (%)				
Female	2.1	3.3	2.5	
Male	13.5	15.5	13.9	
Total (%)	15.6	18.8	16.4	
Number of employees taking parental leave				
	90	93	79	

TABLE 3.4: CORPORATE RESPONSIBILITY

Corporate Responsibility				
Disclosures	2021	2022	2023	
Total amount of corporate or group donations/community investments made to registered not-for-profit organisations (RM)	N/A	9,630.00	N/A	
Total amount invested in the community where the target beneficiaries are external to the listed issue (RM)	23,982.00	78,730.00	146,603.00	
Number of beneficiaries of the investment in communities	82	531	350	
Number of operations with local community engagement, impact assessments and development programmes	13	28	56	

ADDITIONAL INFORMATION

**ESG
Performance Data**

SOCIAL

TABLE 3.5: LABOUR STANDARDS & PRACTICES

Labour Standards & Practices				
Disclosures	2021	2022	2023	
Number of substantiated complaints concerning human rights violations	0.0	0.0	0.0	
Number of discrimination incidents	0.0	0.0	0.0	
Employee Engagement Surveys Score	7.3	7.2	7.1	
Number of corrective actions regarding discrimination incidents taken	0.0	0.0	0.0	

TABLE 3.6 TALENT AND DEVELOPMENT

Labour Standards & Practices				
Disclosures	2021	2022	2023	
Training investment (RM million)	3.67	3.59	3.81	
Number of hours spent on employee development training	92,668	83,484	111,280	
Number of employee upskilling programmes	220	322	370	
Employees receiving regular performance and career development reviews (%)	72%	65%	60%	

TABLE 3.7: RESPONSIBLE SUPPLY CHAIN

Responsible Supply Chain				
Disclosures	2021	2022	2023	
Proportion of spending on local suppliers (%)	87%	96%	93%	
Number of new suppliers that were screened using environmental criteria	1	7	52	
Number of new suppliers that were screened using social criteria				

**ESG
Performance Data**

GOVERNANCE

TABLE 4.1: COMPLIANCE

Compliance				
Disclosures	2021	2022	2023	
Number of investigations conducted	0	0	0	
Penalty, private or public reprimand by Regulators	0	0	0	
Regulatory non-compliances	0	0	0	
Number of days between the date of AGM notice and date of meeting (DD-MM-YY)	34	36	30	
Number of grievance mechanism cases resolved	0	0	4	

TABLE 4.2: ANTI-CORRUPTION & INTEGRITY

Anti-Corruption & Integrity				
Disclosures	2021	2022	2023	
Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	0	0	0	
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	1	0	0	
Number of political contributions	0	0	0	
Percentage of employees who have received training on anti-corruption by employee category (%)				
<i>Executive</i>	45.73	77.31	100	
<i>Senior Executive</i>	51.38	81.63	100	
<i>Management</i>	42.72	84.55	70.9	
<i>Senior Management</i>	37.93	68.75	93.33	
Percentage of operations assessed for corruption-related risks (%)	100	100	100	
Number of cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0	
Whistleblowing Incidents	2	7	3	
Number of confirmed corruption incidents and actions taken	1	0	0	

ADDITIONAL INFORMATION

ESG Performance Data

GOVERNANCE

TABLE 4.3: DATA PRIVACY & CYBERSECURITY

Disclosures	Responsible Supply Chain		
	2021	2022	2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data resolved	0	0	0

Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2021	2022	2023
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	4,926.00	8,258.00	9,928.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	25,819.00	28,312.00	27,882.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	5,554.50	2,014.00
Scope 3 - Category 6 Business Travel (tonnes/CO2e)	IC02-e	-	266.50	578.00
Scope 3 - Category 7 Employee Commuting (tonnes/CO2e)	IC02-e	-	5,288.00	1,436.00
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	19,628.99	21,232.83	23,777.09
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	11,804.91	20,854.93	19,087.08
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	3,745.08	4,919.82	4,674.45
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	71,585.00	70,558.00	75,545.00
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	568.700000	697.300000	783.010000
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.22	0.10	0.13
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,709	6,737	5,693
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	23,982.00	78,730.00	146,603.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	82	531	350
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management 60-69	Percentage	6.67	12.12	9.68
Senior Management 50-59	Percentage	53.33	57.58	58.06
Senior Management 40-49	Percentage	36.67	27.27	29.03
Senior Management 30-39	Percentage	3.33	3.03	3.23
Senior Management 20-29	Percentage	0.00	0.00	0.00
Senior Management 18-19	Percentage	0.00	0.00	0.00
Management 60-69	Percentage	3.40	2.85	4.10
Management 50-59	Percentage	24.27	24.80	25.60
Management 40-49	Percentage	37.38	41.06	44.03
Management 30-39	Percentage	34.95	30.89	25.94
Management 20-29	Percentage	0.00	0.41	0.34
Management 18-19	Percentage	0.00	0.00	0.00
Senior Executive 60-69	Percentage	0.00	0.00	1.54
Senior Executive 50-59	Percentage	12.84	0.35	7.71
Senior Executive 40-49	Percentage	29.36	9.54	44.73
Senior Executive 30-39	Percentage	55.05	36.75	44.47
Senior Executive 20-29	Percentage	2.75	50.88	1.54
Senior Executive 18-19	Percentage	0.00	2.47	0.00
Executive 60-69	Percentage	0.25	0.23	0.32
Executive 50-59	Percentage	8.28	8.47	8.02
Executive 40-49	Percentage	18.47	20.20	20.93
Executive 30-39	Percentage	51.97	45.71	40.58
Executive 20-29	Percentage	21.02	25.40	30.15
Executive 18-19	Percentage	0.00	0.00	0.00
Non-Executive 60-69	Percentage	0.35	0.57	0.51
Non-Executive 50-59	Percentage	16.45	12.10	8.71
Non-Executive 40-49	Percentage	19.08	16.07	15.09
Non-Executive 30-39	Percentage	39.08	33.28	29.67
Non-Executive 20-29	Percentage	24.96	34.59	44.00
Non-Executive 18-19	Percentage	0.07	3.39	2.03
Gender Group by Employee Category				
Senior Management Male	Percentage	93.33	90.91	93.55
Senior Management Female	Percentage	6.67	9.09	6.45
Management Male	Percentage	83.01	81.30	80.55
Management Female	Percentage	16.99	18.70	19.45
Senior Executive Male	Percentage	75.69	76.33	76.86
Senior Executive Female	Percentage	24.31	23.67	23.14
Executive Male	Percentage	72.36	72.69	71.93
Executive Female	Percentage	27.64	27.31	28.07

Internal assurance External assurance No assurance

(*)Restated

ADDITIONAL INFORMATION

Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2021	2022	2023
Non-Executive Male	Percentage	84.04	86.23	86.07
Non-Executive Female	Percentage	15.96	13.77	13.93
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	88.89	87.50	87.50
Female	Percentage	11.11	12.50	12.50
40-49 years	Percentage	0.00	0.00	12.50
50-59 years	Percentage	33.33	50.00	37.50
>60 years	Percentage	66.67	50.00	50.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	7,360	8,429	7,970
Senior Executive	Hours	5,745	7,779	9,660
Executive	Hours	19,203	26,269	31,888
Supervisor	Hours	9,633	15,552	17,846
Non-Executive	Hours	12,662	25,454	43,916
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
	Percentage	53.91	62.14	71.57
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	5	2	10
Management	Number	10	21	21
Senior Executive	Number	13	18	31
Executive	Number	113	150	156
Non-Executive	Number	265	369	441
Bursa C6(d) Number of substantiated complaints concerning human rights violations				
	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	37.93	68.75	93.33
Management	Percentage	42.72	84.55	70.90
Senior Executive	Percentage	51.38	81.63	100.00
Executive	Percentage	45.73	77.31	100.00
Non-Executive	Percentage	17.45	10.54	49.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks				
	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken				
	Number	1	0	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data				
	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers				
	Percentage	87.00	96.00	93.00

List of Abbreviations

Abbreviation	Explanation
3Rs	Reduce, Reuse, Recycle
4Rs	Reduce, Reuse, Recycle, Recover
ABC	Anti-Bribery and Corruption
ABMS	Anti-Bribery Management System
AED	Automated External Defibrillator
AGM	Annual General Meeting
ALARP	As Low As Reasonably Practicable
ALDP	Aspiring Leaders Development Programme
AMIM	Association of Marine Industries of Malaysia
APAC	Asia Pacific
API	American Petroleum Institute
AR	As Required
ARA	Australasian Reporting Awards
ASME	American Society of Mechanical Engineers
AWP	Advanced Work Packaging
B&P	Blasting & Painting
BAC	Board Audit Committee
BCM	Business Continuity Management
BEE	Board Effectiveness and Evaluation
BeSS	Clean, Safe, and Healthy Certification
BiAC	Bid Approval Committee
Board	The Board of Directors of MHB
BOD	Board of Directors
BRC	Board Risk Committee
Bursa Securities	Bursa Malaysia Securities Berhad
CA	Collective Agreement
CAC	Critical Activity Catalogue
CAPEX	Capital expenditure
cbm	Cubic metre
CCS	Carbon, Capture & Storage
CCUS	Carbon Capture, Utilisation and Storage
CEO	Chief Executive Officer
CeIOs	Certified Integrity Officers
CET	Clean Energy Technology
CF	Common Functional
CFFO	Cash Flow From Operations
CFL	Conventional Compact Fluorescent light
CFO	Chief Financial Officer
CH4	Methane
CHSE	Corporate HSE
CG	Corporate governance
CGM	Climate Governance Malaysia
CIDB	Construction Industry Development Board
CII	Carbon Intensity Indicator
CIP	Corporate Integrity Pledge
CM	Crisis Management
CMP	Crisis Management Plan
CMT	Crisis Management Team
CNOOC	China National Offshore Oil Corporation
CO ₂	Carbon dioxide
CO ₂ e	Carbon dioxide equivalent
CoBE	Code of Conduct and Business Ethics
COC	Certificate of Collaboration
CoE	Centre of Excellence
Company/ Corporation	MHB
COP28	United Nations Climate Change Conference

ADDITIONAL INFORMATION

List of Abbreviations

COVID-19	Coronavirus Disease 2019
CPA	Certified Public Accountant
CPOC	Carigali PTTEPI Operating Company Sdn Bhd
CPP	Central Processing Platform
CPR	Cardiopulmonary Resuscitation
CRA	Corruption Risk Analysis
CSR	Corporate Social Responsibility
CWCS	Centralised Welding Consumable Storage
DF	Discipline Functional
DD3	Dry Dock No. 3
D&I	Diversity and Inclusion
DNV	Det Norske Veritas
DoE	Department of Environment
DOSH	Department of Environment Safety and Health
DWC	Daily Work Checklist
DWT	Deadweight tonnage
EAP	Education Assistance Plan
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
EDP	Executive Development Programme
EEXI	Energy Efficiency Existing Ship Index
EIC	Energy Industries Council
EMT	Environmental Mainstreaming Tools
E&P	Exploration & Production
EOR	Enhanced Oil Recovery
EPC	Engineering, Procurement and Construction
EPCC	Engineering, Procurement, Construction and Commissioning
EPCIC	Engineering, Procurement, Construction, Installation and Commissioning
EPIC	Eastern Pacific Industrial Corporation Berhad

ERM	Enterprise risk management
ERMF	Enterprise Risk Management Framework
ERP	Enterprise resource planning
ERT	Emergency Responcy Team
ESG	Environmental, Social and Governance
EESG	Economic, Environmental, Social and Governance
EST	Energy Savings Technology
ETS	Emissions Trading System
EU	European Union
EVP	Employee Value Propositions
FAS	Facilities & Asset Services
FC	Functional Competency
FEED	Front-End Engineering Design
FLNG	Floating Liquefied Natural Gas
FPS	Floating Production System
FPSO	Floating Production, Storage and Offloading
FRS	Fire and Rescue Services
FSO	Floating, Storage and Offloading
FSRU	Floating Storage Regasification Unit
FSU	Floating Storage Unit
FTSE	Financial Times Stock Exchange-Russell Group
FVTPL	Fair value through profit or loss
FY	Financial Year
FY2019	Financial year ended 31 December 2019
FY2020	Financial year ended 31 December 2020
FY2021	Financial year ended 31 December 2021
FY2022	Financial year ended 31 December 2022
FY2023	Financial year ended 31 December 2023
FY2024	Financial year ending 31 December 2024
GDP	Gross Domestic Product

List of Abbreviations

GHG	Greenhouse gas
GHSSE	Group Health, Safety, Security and Environment
GIA	Group Internal Audit
GRI	Global Reporting Initiative
Group	MISC Berhad and its subsidiaries, associates and joint ventures
GSR	Guided Self-Regulation
GW	Gigawatts
GWV	Green Waste Vinegar
HCFC	Hydrochlorofluorocarbon
HE	Heavy Engineering
HEB	Heavy Engineering Business
HEMP	Hazard and Effect Management Process
HEO	Heavy Engineering Operations
HR	Human Resource
HRD Corp	Human Resource Development Corporation
HSE	Health, safety and environment
HSSE	Health, safety, security and environment
HUC	Hook-Up & Commissioning
HVDC	high voltage direct current
IAR	Integrated Annual Report
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IEA	International Energy Agency
IETS	Industrial Effluent Treatment System
IFRS	International Financial Reporting Standards
IHS	Information Handling Services
IIRC	International Integrated Reporting Council
IL	Intervention Leadership
ILDLP	Individual Learning and Development Programme

IMF	International Monetary Fund
IMO	International Maritime Organisation
IMS	Integrated Management System
INEDs	Independent Non-Executive Directors
IOT	Internet of things
IPC	Individual Performance Contracts
IPCC	Intergovernmental Panel on Climate Change
IPM	Integrated Project Management
IR	Integrated Reporting
IRENA	International Renewable Energy Agency
ISO	International Organisation for Standardisation
JDA	Joint Development Area
JPDC	Johor Petroleum Development Corporation
KAM	Key Audit Matters
KPI	Key performance indicator
KRA	Key Result Areas
KRI	Key risk indicator
KYC	Know Your Counterparty
LBITDA	Loss Before Interest, Taxes, Depreciation, and Amortisation
LCSC	Legal, Corporate Secretarial and Compliance
LED	Light-emitting diode
LNG	Liquefied Natural Gas
LNGC	Liquefied Natural Gas Carrier
LOA	Limits of Authority
LPG	Liquefied Petroleum Gas
LPGC	Liquefied Petroleum Gas Carrier
LTA	Long-term agreement
LTI	Lost time injury
LTIF	Lost time injury frequency
MACA	Malaysia Anti- Corruption Academy

ADDITIONAL INFORMATION

List of Abbreviations

MACC	Malaysian Anti-Corruption Commission
MAICSA	The Malaysian Institute of Chartered Secretaries and Administrators
MARC	Malaysian Rating Corporation
MBPG	Majlis Bandaraya Pasir Gudang
MC	Management Committee
MCCG 2021	Malaysian Code on Corporate Governance 2021
MD & CEO	Managing Director & Chief Executive Officer
MEF	Malaysia Employer Federation
MFRS	Malaysian Financial Reporting Standards
MHB	Malaysia Marine and Heavy Engineering Holdings Berhad
MICPA	Malaysian Institute of Certified Public Accountants
MISC/MISC Group	MISC Berhad
ML	Mandatory Leadership
MMHE	Malaysia Marine and Heavy Engineering Sdn Bhd
MMLR	Main Market Listing Requirements
MPMS	MHB Project Management System
MoC	Memorandum of Collaboration
MOCA	Malaysia Offshore Contractors Association
MODU	Mobile Offshore Drilling Units
MOGSC	Malaysia Oil & Gas Services Council
MOPU	Mobile Offshore Production Unit
MoU	Memorandum of Understanding
MR	Material Requisition
MRCBSB	Malaysia Refining Company Sdn Bhd
MRO	Maintenance, Repair, Overhaul
MSA	Master Service Agreement
MSE	Malaysia Shipyard and Engineering Sdn Bhd
MSOSH	Malaysian Society for Occupational Safety and Health
MT	Metric Tonnes

MTJDA	Malaysia-Thailand Joint Development Area
Mtpa	million tonnes per annum
MWh	Megawatt hour
NCD	Non-Communicable Diseases
NEDs	Non-Executive Directors
NetZec	Net Zero Committee
NGO	Non-Governmental Organisation
NINEDs	Non-Independent Non-Executive Directors
NIOSH	National Institute for Occupational Safety and Health
NIST	National Institute of Standards and Technology
NOx	Nitrogen oxides
NO2	Nitrouse Oxide
NRC	Nomination and Remuneration Committee
O&G	Oil & Gas
OPEX	Operating Expenditure
OSH	Occupational safety and health
OSS	Offshore Substation
OSW	Offshore Wind
OTOBOS	On Time, On Budget, On Scope
OWF	Offshore Wellhead Facilities
OWF	Offshore Wind Farm
P&I	Protection and indemnity
P2P	Procure-to-Pay
PAGEMA	Pasir Gudang Emergency Mutual Aid
PAR	Pre-Assembled Rack
PCSB	PETRONAS Carigali Sdn Bhd
PD&T	Project Delivery and Technology
PDPA	Personal Data Protection Act
PETA	Project Engineering Turnaround Department

List of Abbreviations

PETRONAS	Petroleum Nasional Berhad / Group PETRONAS and its subsidiaries
PLC	Public Listed Companies
PMR	Project Management Review
PMO	Programme Management Office
PMS	Performance Management System
PMT	Project Management Team
POCS	PETRONAS Organisation Survey
PPE	Property, plant and equipment
PPE	Personal Protective Equipment
PPHC	PD&T and Partners HSE Conference
PRA	Project Risk Assessment
PRM	PETRONAS Resiliency Model
PTSM	Plant Turnaround and Shutdown Maintenance
PWD	People With Different
PUSPATRI	Johor Skill Development Centre
Q	Quarterly
Q&A	Question and Answer
QHSEM	Quality, Health, Safety and Environment Manual
QSC	Quality Steering Committee
RADM	Risk Assessment in Decision-Making
RAP	Remedial Action Plan
RC	Risk Council
RE	Renewable Energy
RED	Renewable Energy Directive
RM	Ringgit Malaysia
RMC	Risk Management Committee
RMP	Rosmari & Marjoram Project
RCA	Root Cause Analysis
ROU	Right-of-use assets

RPT	Related party transaction
RRPT	Recurrent related party transaction
RWC	Restricted Work Case
SASB	Sustainability Accounting Standards Board
SBSR	Shipbuilding and Ship Repair
SCM	Supply Chain Management
SEA	Southeast East Asia
SL	Staple Leadership
SOC	Security Operations Centre
SOC	Summary of Costing
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
SORMIC	Statement on Risk Management and Internal Control
SOx	Sulphur oxides
SP	Strategic Priorities
SPoT	Single Point of Truth
sq ft	square feet
SRA	Schedule Risk Analysis
SS	Sustainability Statement
SSB	Sarawak Shell Berhad
SSOT	Single Source of Truth
SSP	Shared Socioeconomics Pathways
SST	Sales and Service Tax
STPs	Sewage Treatment Plants
SUPs	Single-Use Plastics
SWEC	Standardised Work and Equipment Categories
T	Tonnes
T&I	Transportation & Installation
TA	Turnaround

ADDITIONAL INFORMATION

List of Abbreviations

TA4MS	Turnaround Main Mechanical And Maintenance Mechanical Static
TCFD	Task Force on Climate-related Financial Disclosures
TLP	Tension Leg Platform
TMS	Talent Management System
TNAG	Tembikai Non-Associated Gas
TNB	Tenaga Nasional Berhad
TOR	Terms of Reference
TPCDDOG	Third-Party Compliance Due Diligence Operational Guidelines
TRCF	Total recordable case frequency
TVET	Technical and Vocational Education Training
UAE	United Arab Emirates
UCUA	Unsafe Condition Unsafe Act
UDAT	Urine Drug and Alcohol Test
UK	United Kingdom
UNEP	United Nations Environment Programme

UNSDG	United Nation's Sustainable Development Goals
USA	United States of America
USD	United States Dollar
UTHM	Universiti Tun Hussein Onn Malaysia
UTeM	Universiti Teknikal Malaysia Melaka
UTM	Universiti Teknologi Malaysia
VLCC	Very Large Crude Carrier
VOB	Vendor Onboarding
VPA	Vendor Performance Assessment
WAF	Web Application Firewall
WBC	Whistleblowing Committee
WHP	Wellhead Platform
WIM	Welding Institute of Malaysia
WQI	Water Quality Index
WTV	Waste-to-Value
Y	Yearly

GRI Content Index

MHB's Integrated Report 2023 was prepared with reference to GRI Standards 2021.

GRI	Disclosure	Reference Page
GRI 2: General Disclosures	2-1 Organisational details	6
	2-2 Entities included in the organisation's sustainability reporting	4-5
	2-3 Reporting period, frequency and contact point	4-5
	2-4 Restatements of information	116, 121
	2-5 External assurance	5
	2-6 Activities, value chain and other business relationships	6-11
	2-7 Employees	42
	2-9 Governance structure and composition	93-96
	2-10 Nomination and selection of the highest governance body	93-96
	2-11 Chair of the highest governance body	93-96
	2-12 Role of the highest governance body in overseeing the management of impacts	93-96
	2-13 Delegation of responsibility for managing impacts	93-96
	2-14 Role of the highest governance body in sustainability reporting	93-96
	2-15 Conflicts of interest	93-96
	2-16 Communication of critical concerns	93-96
	2-17 Collective knowledge of the highest governance body	93-96
	2-18 Evaluation of the performance of the highest governance body	94
	2-19 Remuneration policies	174-175
	2-20 Process to determine remuneration	174-175
	2-21 Annual total compensation ratio	174-175
	2-22 Statement on sustainable development strategy	70-74
	2-23 Policy commitments	95
	2-24 Embedding policy commitments	95
	2-26 Mechanisms for seeking advice and raising concerns	136-137
	2-27 Compliance with laws and regulations	136-137
	2-28 Membership associations	96
	2-29 Approach to stakeholder engagement	44-49, 147-150
	2-30 Collective bargaining agreements	95

ADDITIONAL INFORMATION

**GRI
Context Index**

GRI 3: Material Topics 2021	3-1 Process to determine material topics	62-65
	3-2 List of material topics	62-65
	3-3 Management of material topics	62-65
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	97-107
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	132, 317
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	146, 318
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	139, 319
	205-2 Communication and training about anti-corruption policies and procedures	139, 319
	205-3 Confirmed incidents of corruption and actions taken	139, 319
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	106, 313
	302-3 Energy intensity	116, 313
	302-4 Reduction of energy consumption	116, 313
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	117-121
	303-4 Water discharge	121, 314
	303-5 Water consumption	121, 314

**GRI
Context Index**

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	116, 313
	305-2 Energy indirect (Scope 2) GHG emissions	116, 313
	305-3 Other indirect (Scope 3) GHG emissions	116, 313
	305-4 GHG emissions intensity	116, 313
	305-5 Reduction of GHG emissions	116, 313
GRI 306: Waste 2020	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	116, 313
	306-1 Waste generation and significant waste-related impacts	117-121
	306-2 Management of significant waste-related impacts	117-121
	306-3 Waste generated	120-121, 314
	306-4 Waste diverted from disposal	120-121, 314
GRI 308: Supplier Environmental Assessment 2016	306-5 Waste directed to disposal	120-121, 314
	308-1 New suppliers that were screened using environmental criteria	146, 318
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	148, 315, 317
	401-3 Parental leave	317

ADDITIONAL INFORMATION

**GRI
Context Index**

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	122-126
	403-2 Hazard identification, risk assessment, and incident investigation	122-126
	403-3 Occupational health services	122-126
	403-4 Worker participation, consultation, and communication on occupational health and safety	122-126
	403-5 Worker training on occupational health and safety	122-126
	403-6 Promotion of worker health	122-126
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	122-126
	403-8 Workers covered by an occupational health and safety management system	122-126
	403-9 Work-related injuries	122-126
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	135
	404-2 Programs for upgrading employee skills and transition assistance programs	133-135
	404-3 Percentage of employees receiving regular performance and career development reviews	135
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	131-132, 316-317
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	131-132
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	137
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	137
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	137
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	127-130
	413-2 Operations with significant actual and potential negative impacts on local communities	127-130
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	146
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	139, 320

**TCFD
Context Index**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

MHB's Integrated Report 2023 was prepared in adherence to TCFD disclosures.

Theme	Recommended Disclosure	Reference Page
Governance	Describe the board's oversight of climate-related risks and opportunities.	97
	Describe management's role in assessing and managing climate-related risks and opportunities.	97
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	98-99
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	98-99
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	98-99
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	100-105
	Describe the organisation's processes for managing climate-related risks.	100-105
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	100-105
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	105-107
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	106
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	105-107

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting (AGM) of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB or Company) will be held **virtually via Remote Participation and Electronic Voting** (Meeting Platform: <https://meeting.boardroomlimited.my>) on the date, time and at the broadcast venue, as follows:

Date : Thursday, 18 April 2024
 Time : 11.00 a.m.
 Broadcast Venue : Conference Room 2,
 Level 17, Menara Dayabumi,
 Jalan Sultan Hishamuddin,
 50050 Kuala Lumpur, Malaysia.

Meeting Platform : <https://meeting.boardroomlimited.my>

AS ORDINARY BUSINESS:

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.

Refer to Explanatory Note 1

- To re-elect Mohammad Suhaimi Mohd Yasin who retires pursuant to Rule 21.7 of the Company's Constitution and being eligible, offers himself for re-election.

Refer to Explanatory Note 2

Resolution 1

- To re-elect Ausmal Kardin who retires pursuant to Rule 21.8 of the Company's Constitution and being eligible, offers himself for re-election.

Refer to Explanatory Note 3

Resolution 2

- To note the retirement of Gladys Leong pursuant to Rule 21.8 of the Company's Constitution.

Refer to Explanatory Note 3

- To approve the payment of Non-Executive Directors' (NEDs) remuneration up to an amount of RM1,960,000 for the period from 18 April 2024 until the conclusion of the next AGM of the Company to be held in 2025.

Refer to Explanatory Note 4

Resolution 3

- To re-appoint Messrs Ernst & Young PLT, as Auditors of the Company, for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.

Refer to Explanatory Note 5

Resolution 4

- To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 (Act) and the Company's Constitution.

Notice of Annual General Meeting

By Order of the Board

Shahrin Albakri Mustafa Albakri MCCS

(M01832)

Suruhanjaya Syarikat Malaysia Practising Certificate No. 202108000633

Haniza Sabaran FCIS (CS) (CGP)

(MAICSA 7032233)

Suruhanjaya Syarikat Malaysia

Practising Certificate No. 201908001761

Company Secretaries

Kuala Lumpur

14 March 2024

Explanatory Notes on Ordinary Business

1. Audited Financial Statements for the financial year ended 31 December 2023

This Agenda item is meant for discussion only as Section 340(1) of the Act does not require the Audited Financial Statements to be formally approved by the shareholders. Hence, this Agenda item is not put forward for voting.

2. Re-election of Director who retire pursuant to Rule 21.7 of the Company's Constitution

Rule 21.7 provides that the Board may, at any time, appoint a Director in addition to the existing Directors or to fill a casual vacancy, and a Director appointed under this Rule shall hold office only until the next following AGM of the Company when he/she shall retire and be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

At the 35th AGM, Encik Mohammad Suhaimi Mohd Yasin who was appointed on 16 October 2023, will retire and being eligible, has offered himself for re-election.

The Board had on 22 February 2024, considered the Board Audit Committee's review of Conflict of Interest and Nomination & Remuneration Committee's recommendation to re-elect Encik Mohammad Suhaimi Mohd Yasin based on the satisfactory assessment of the fit and proper criteria prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR). Encik Mohammad Suhaimi Mohd Yasin also satisfies the criteria of an Independent Director as defined under the MMLR.

The profile of Encik Mohammad Suhaimi Mohd Yasin is set out in the Profiles of the Board of Directors on page 152 of the Integrated Annual Report 2023.

Encik Mohammad Suhaimi Mohd Yasin has abstained from deliberation and voting on the resolution in respect of his re-election at the Board meeting.

3. Retirement and re-election of Directors who retire by rotation pursuant to Rule 21.8 of the Company's Constitution

Rule 21.8 provides that an election of Directors shall take place each year. All directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Unless otherwise provided by the terms of his appointment, a Director appointed or confirmed by ordinary resolution shall retire at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the meeting. A retiring Director shall retain office until the close of the meeting at which he retires.

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

At the 35th AGM, Encik Ausmal Kardin will retire and being eligible, has offered himself for re-election.

The Board had on 22 February 2024, considered the Board Audit Committee's review of Conflict of Interest and Nomination & Remuneration Committee's recommendation to re-elect Encik Ausmal Kardin based on his satisfactory performance for 2023 and assessment of the fit and proper criteria prescribed under Paragraph 2.20A of the MMLR.

The profile of Encik Ausmal Kardin is set out in the Profiles of the Board of Directors on page 158 of the Integrated Annual Report 2023.

Encik Ausmal Kardin has abstained from deliberation and voting on the resolution in respect of his re-election at the Board meeting.

Ms Gladys will retire at the 35th AGM pursuant to Rule 21.8 of the Company's Constitution. However, she has given notice not to seek re-election. Hence, she will only retain office as Director of the Company until the conclusion of the 35th AGM.

4. Payment of remuneration to the NEDs for the period from 18 April 2024 until the conclusion of the next AGM of the Company to be held in 2025

Pursuant to Section 230(1) of the Act, the shareholders' approval is sought for the proposed payment of NEDs' remuneration of up to RM1,960,000 for the period from 18 April 2024 until the conclusion of the next AGM of the Company to be held in 2025. The calculation is based on the estimated number of meetings in 2024 and on the assumption that the number of NEDs in office until the next AGM is nine (9). The resolution is to facilitate payments of the NEDs' remuneration for the financial year ending 2024/2025. The details of NEDs' remuneration for the financial year 2023 is stated on page 175 of the Integrated Annual Report 2023.

The Board will seek shareholders' approval at the next AGM in the event the proposed NEDs' remuneration is insufficient.

5. Re-appointment of Auditors

The Board had at its meetings on 22 February 2024, endorsed the BAC's recommendation on the re-appointment of Messrs Ernst & Young PLT for the financial year ending 31 December 2024.

Messrs Ernst & Young PLT have met the criteria prescribed under Paragraph 15.21 of the MMLR and indicated their willingness to continue their services for the next financial year.

Notice of Annual General Meeting

Notes:

VIRTUAL MEETING

Convening a virtual 35th AGM is in accordance with Section 327 of the Act and Clause 18.14 of the Company's Constitution. The virtual 35th AGM will facilitate and enable shareholders to participate in the proceedings without the need to be physically present at the broadcast venue which is in accordance with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission.

No shareholders/proxies/corporate representatives should be physically present at the broadcast venue on the day of the 35th AGM. Further information on the remote Participation and Electronic Voting (**Meeting Platform: <https://meeting.boardroomlimited.my>**) can be referred to the Administrative Notes relating to the 35th AGM.

GENERAL MEETING RECORD OF DEPOSITORS

In respect of deposited securities, only members whose names appear on the Record of Depositors as at 8 April 2024 shall be eligible to participate or appoint proxy(ies) to participate in the meeting and/or vote on his/her behalf.

PROXY AND/OR AUTHORISED REPRESENTATIVE

1. A member of the Company shall be entitled to appoint another person(s) as his/her proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Act.
2. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account and the number of shares to be represented by each proxy must be clearly indicated.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorised nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall not be valid unless the exempt authorised nominee specifies the proportion of the shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. A member which is a corporation may by resolution of its board or other governing body authorise a person or persons to act as its representatives at the 35th AGM or its adjournment thereof in accordance with Rule 20.13 of the Constitution of the Company.

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

6. The Form of Proxy must be signed by the appointor of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the Form of Proxy shall be executed under its common seal or signed by its attorney duly authorised in writing or by a duly authorised officer on behalf of the corporation.

The duly completed Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd Registration No.: 199601006647(378993-D) at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the 35th AGM or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. Alternatively, members may deposit the Form of Proxy by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com>, forty-eight (48) hours before the meeting.

7. Pursuant to Paragraph 8.29A1 of the MMLR, voting at the 35th AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

MODE OF MEETING

The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the 35th Annual General Meeting (35th AGM) on a virtual basis and entirely via Remote Participation and Electronic Voting (RPEV) facilities on the date, time and from the Broadcast Venue, as follows:

Date : Thursday, 18 April 2024

Time : 11.00 a.m.

Broadcast Venue : Conference Room 2
Level 17, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Malaysia

Meeting Platform : <https://meeting.boardroomlimited.my>

Mode of Communication : 1) The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e. one (1) hour before the AGM, which is from 10.00 a.m. on Thursday, 18 April 2024.

: 2) AGM related questions can be submitted in advance to MHB Investor Relations at <https://mhb.com.my/contact-us/> in relation to the agenda items for the 35th AGM, commencing from 15 March 2024 and in any event no later than Friday, 12 April 2024 at 11.00 a.m.

Please note that the Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM and in accordance with 18.14 of the Company's Constitution which allows a general meeting to be held at more than one venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. As shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to be physically present at or admitted to the Broadcast Venue on the day of the AGM, all members are urged to attend the 35th AGM virtually.

VOTING PROCEDURE

- Voting at the 35th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- For the purposes of this AGM, electronic voting (e-Voting) will be carried out via personal smart mobile phones, tablets, personal computers or laptops.
- The Company has appointed Boardroom Share Registrars Sdn Bhd (Boardroom) as Poll Administrator to conduct the poll by way of e-Voting and SKY Corporate Services Sdn Bhd as Scrutineers to verify the poll results.

ANNUAL GENERAL MEETING

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

4. Members and proxies are required to use one (1) of the following methods to vote remotely:
 - (i) Use the QR Scanner Code given in the email notification received after successful registration ; or
 - (ii) Navigate to the website URL <https://meeting.boardroomlimited.my>
5. Please note that polling will only commence after announcement of poll open by the Chairman and until such time when the Chairman announces the closure of poll.
6. Upon closure of the poll session by the Chairman, the Scrutineers will verify the poll reports and thereafter announce the results, followed by the Chairman's declaration whether the resolutions put to vote are duly passed.
7. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the 35th AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the 35th AGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

REMOTE PARTICIPATION AND ELECTRONIC VOTING (RPEV)

8. Please note that the RPEV facilities is available to (i) individual members; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees.
9. If you wish to participate in the meeting, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time whilst the meeting is in progress.
10. Kindly follow the steps below on how to request for login ID and Password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.

- (i) Access website <https://investor.boardroomlimited.com>
- (ii) Click <<Register>> to sign up as a user and select to correct account type i.e. sign up as **Shareholder** or **Corporate Holder**.
- (iii) Complete registration with all required information. Upload and attach softcopy of your MyKad (front and back) or Passport in JPEG, PNG or PDF format. Click **Sign Up**.
- (iv) Please enter a valid email address and wait for email verification from Boardroom. You will receive an email from Boardroom for email address verification. Click **Verify Email Address** from the email received to continue with the registration.
- (v) Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click **Request OTP Code** and an OTP code will be sent to the registered mobile number. Please enter the OTP Code to complete the process.
- (vi) Your registration will be verified and approved within one (1) business day and email notification will be provided to you.

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

Step 2 – Submit Request for Remote Participation User ID and Password

Note: The registration for remote access will be opened on 15 March 2024.

• For Individual and Corporate Members

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and Password from Step 1 above.
- (ii) Select "**MHB 35TH ANNUAL GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Register for RPEV**".
- (iv) Enter your CDS Account Number.
- (v) Read and accept the Terms & Conditions.
- (vi) Click "**Register**" to submit your request.

• eProxy Lodgement

For Individual and Corporate Members

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and PASSWORD from Step 1 above.
- (ii) Select "**MHB 35TH ANNUAL GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Submit eProxy form**".
- (iv) Select the company you would like to be represented (if more than one), for Corporate Shareholder.
- (v) Enter your CDS Account Number and indicate the number of securities held.
- (vi) Select your proxy/proxies – either the Chairman of the meeting or an individual named proxy/ proxies.
- (vii) Read and accept the Terms and Conditions and click "**Next**".
- (viii) Enter the required particulars of your proxy/ proxies.
- (ix) Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- (x) Review and confirm your proxy(ies) appointment.
- (xi) Click "**Apply**".
- (xii) Download or print the eProxy Form acknowledgement.

• For Authorised Nominee and Exempt Authorised Nominee

- (i) Login to <https://investor.boardroomlimited.com> using your User ID and PASSWORD from Step 1 above.
- (ii) Select "**MHB 35TH ANNUAL GENERAL MEETING**" from the list of Meeting Events and click "**Enter**".
- (iii) Click on "**Submit eProxy form**".
- (iv) Select the company you would like to be represented (if more than one).
- (v) Proceed to download the file format for "**Submission of Proxy Form**".
- (vi) Prepare the file for the appointment of proxy/proxies by inserting the required data.
- (vii) Proceed to upload the duly completed Proxy Appointment file.
- (viii) Review and confirm your proxy/proxies appointment and click "**Submit**".
- (ix) Download or print the eProxy form as acknowledgement.

Note: If you are the authorised representative for more than one (1) authorised nominee/exempt authorised nominee/corporate shareholder, kindly click the home button and select "Edit Profile" in order to add the company name.

ANNUAL GENERAL MEETING

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

Step 2 – Submit Request for Remote Participation User ID and Password

• Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees (via email)

- (i) Write to bsr.helpdesk@boardroomlimited.com by providing the name of the Member and CDS Account Number, accompanied by the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be), to submit the request.
- (ii) Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or passport in JPEG, PNG or PDF format as well as his/her email address.

- You will receive a notification from Boardroom that your request has been received and is being verified.
- Upon system verification of your registration against the **AGM's Record of Depositors as at 8 April 2024**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
- You are encouraged to submit your request **at least 24 hours before the commencement of the 35th AGM, i.e. by Wednesday, 17 April 2024 at 11.00 a.m.**, to avoid any delay in the registration process.

Note: if you wish to appoint more than one (1) company, kindly click the home button and select Edit Profile in order to add Company name.

Step 3 – Login to Virtual Meeting Portal

Note: Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.

- (i) The Virtual Meeting Portal will be opened for login starting one (1) hour before the commencement of 35th AGM, which is from **10.00 a.m. on Thursday, 18 April 2024**.
- (ii) **The Meeting Platform can be accessed via one of following methods :-**
 - Use the QR Scanner Code given in the email notification received after successful registration; or
 - Navigate the website <https://meeting.boardroomlimited.my>
- (iii) Please follow the steps given to you in the email along with your remote access User ID and Password to login to the Virtual Meeting Portal (*Refer to Step 2 above*).
- (iv) The steps given will also guide you on how to view live webcast, ask questions and vote.
- (v) The live webcast will end and the Messaging window (for asking questions) will be disabled once the Chairman announces the closure of the 35th AGM.
- (vi) You can then logout from the Virtual Meeting Portal.

PROXY

11. Members who are unable to participate remotely in the 35th AGM are encouraged to appoint the Chairman of the Meeting or their proxy to vote on their behalf.

LODGEMENT OF FORM OF PROXY

12. Please deposit your completed Form of Proxy at the Company's Share Registrar, **Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than forty-eight (48) hours before the time appointed for the holding of the **35th AGM, i.e. latest by Tuesday, 16 April 2024 at 11.00 a.m.**

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

13. Alternatively, the Form of Proxy can also be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for the holding of the **35th AGM, i.e. latest by Tuesday, 16 April 2024 at 11.00 a.m.** For further information, kindly refer to note 10 – Steps 1 to 3 above.

14. The lodging of the Form of Proxy will not preclude you from personally participating remotely and voting at the 35th AGM should you subsequently wish to do so.

Should you wish to personally participate remotely in the 35th AGM, kindly register your intention to participate remotely via Boardroom's website at <https://investor.boardroomlimited.com> (Refer to note 10 - Steps 1 to 3 above). Please note that upon your registration to personally participate remotely in the 35th AGM, your earlier proxy appointment will be deemed revoked. Alternatively, please write in to bsr.helpdesk@boardroomlimited.com to revoke your earlier proxy appointment no later than **Tuesday, 16 April 2024 at 11.00 a.m.**

INTEGRATED ANNUAL REPORT 2023

15. The MHB Integrated Annual Report 2023 is available on Bursa Malaysia Berhad's website at www.bursamalaysia.com under Company Announcements of MHB and also at MHB's website at <https://mhb.com.my/investor-relations/>.

16. Printed copies of the MHB Integrated Annual Report 2023 can be requested via MHB Investor Relations Form at <https://mhb.com.my/contact-us/>.

ENQUIRY

17. Should you require any technical assistance on how to participate in the 35th AGM remotely, please contact the Boardroom team during office hours (8.30 a.m. to 5.30 p.m.) details as follows:

Boardroom Share Registrars Sdn Bhd

Address : 11th Floor, Menara Symphony
No. 5 Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

General Line : 603-7890 4700 (Helpdesk)
Fax Number : 603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

ANNUAL GENERAL MEETING

Administrative Notes

FOR THE 35TH ANNUAL GENERAL MEETING

RECORDING OR PHOTOGRAPHY

18. No recording or photography of the 35th AGM proceedings is allowed without the prior written permission of the Company.

PRIVACY POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes);
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD
Registration No. 198901001515 (178821-X)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We _____ [NRIC/Passport/Registration No.: _____]
(Full name in block letters)

of _____ (Address in full)
being a member/members of **MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD**, (MHB or Company)

do hereby appoint: _____ [NRIC/Passport No.: _____]
(Full name in block letters)

of _____ (Address in full)
Contact No.: _____ Email: _____

and/or failing him/her _____ [NRIC/Passport No.: _____]
(Full name in block letters)

of _____ (Address in full)
Contact No. : _____ Email: _____

and failing the abovenamed proxy(ies), the Chairman of the Meeting, as my/our proxy(ies) to attend and to vote for me/us on my/our behalf at the 35th Annual General Meeting (AGM) of the Company to be held virtually and entirely via Remote Participation and Electronic Voting (Meeting Platform: <https://meeting.boardroomlimited.my>) from the Broadcast Venue at the Conference Room 2, Level 17, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur, Malaysia on Thursday, 18 April 2024 at 11.00 a.m. and at any adjournment thereof. My/our proxy(ies) is/are to vote as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST	ABSTAIN
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.			
2.	To re-elect Mohammad Suhaimi Mohd Yasin who retires pursuant to Rule 21.7 of the Company's Constitution.			
3.	To re-elect Ausmal Kardin who retires pursuant to Rule 21.8 of the Company's Constitution.			
4.	To approve the payment of Non-Executive Directors' (NEDs) remuneration up to an amount of RM1,960,000 for the period from 18 April 2024 until the conclusion of the next AGM of the Company to be held in 2025.			
5.	To re-appoint Messrs Ernst & Young PLT, as Auditors of the Company, for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.			

Please indicate with a cross (X) in the spaces provided on how you wish to cast your votes. In the absence of such specific directions, your proxy(ies) will vote at their discretion.

The proportion of my/our shareholdings to be represented by the proxies:

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
TOTAL		

Dated this _____ day of _____, 2024

Signature/Common Seal of Member(s)

Contact No.: _____

Email : _____

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 8 April 2024 shall be entitled to attend, participate, speak and vote at the meeting.
2. A member of the Company shall be entitled to appoint another person(s) as his/her proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Act.
3. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.
4. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account and the number of shares to be represented by each proxy must be clearly indicated.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorised nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall not be valid unless the exempt authorised nominee specifies the proportion of the shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. A member which is a corporation may by resolution of its board or other governing body authorise a person or persons to act as its representative or representatives at this AGM or its adjournment thereof in accordance with Rule 20.13 of the Constitution of the Company.
7. The Form of Proxy must be signed by the appointor of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the Form of Proxy shall be executed under its common seal, or signed by its attorney duly authorised in writing or by a duly authorised officer on behalf of the corporation.
8. The Form of Proxy duly completed and executed, must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd Registration No: 199601006647 (378993-D) at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
9. Alternatively, the Form of Proxy can be submitted by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal link at <https://investor.boardroomlimited.com>, also forty-eight (48) hours before the meeting.

Please fold here to seal

MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD

Registration No. 198901001515 (178821-X)
Annual General Meeting

STAMP

BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan,
Malaysia

Please fold here to seal



engineering solutions

**Malaysia Marine and Heavy Engineering
Holdings Berhad (MHB)**

Registration No. 198901001515 (178821-X)

Level 31, Menara Dayabumi,
Jalan Sultan Hishamuddin,
50050 Kuala Lumpur,
W.P. Kuala Lumpur, Malaysia