

# STAKEHOLDER ENGAGEMENT

## Opportunities

Current shifts in engineering and maritime sectors signal promising developments for MHB. Our analysis of market trends and client requirements points to four key areas where we can create measurable value:

### Digital Innovation

Implementing real-time project tracking systems and automated quality controls to reduce delivery times by 30%

### Expertise Development

Establishing a centralised technical knowledge base to capture critical project insights and solutions

### Service Portfolio Expansion

Developing specialised engineering solutions for emerging clean energy projects

### Global Market Access

Leveraging our improved customer satisfaction metrics to establish partnerships in targeted Asian and Middle Eastern markets

## Outlook

Vision 2030 guides our next phase of development in project delivery and service excellence. We are revising our operational systems to measure and improve resource efficiency, with clear performance metrics at each project stage. Our investment in technical capabilities and quality assurance aims to set new benchmarks in heavy engineering and marine services. By strengthening these core competencies, we intend to expand our market presence while maintaining the high satisfaction rates achieved in 2024.

# PROFILES OF THE BOARD OF DIRECTORS



**MOHAMMAD SUHAIMI MOHD YASIN**

**Chairman  
Independent Non-Executive Director**



**Length of Service**  
(as at 18 February 2025)  
1 - 5 years

**Date of Appointment**  
16 October 2023

**Date of Last Re-election**  
18 April 2024

**Number of Board Meeting Attended in the financial year**  
13/13

**Membership of Board Committee(s)**  
NIL

### Academic / Professional Qualifications

- Master of Business Administration, Saint Louis University, United States of America
- Bachelor of Science (Accounting), Indiana State University, United States of America
- Diploma in Accountancy, Universiti Teknologi MARA (UiTM)

### Present Directorship(s):

#### Listed Issuer(s):

- MISC Berhad
- Malaysia Marine and Heavy Engineering Holdings Berhad

#### Other Public Company:

NIL

### Present Appointment(s):

- Independent Non-Executive Director, MISC Berhad
- Member, Board Sustainability and Risk Committee, MISC Berhad
- Member, Board Audit 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 & 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 & Contracts Division, PETRONAS
- General Manager, Commercial Division, Malaysia LNG Sdn Bhd
- Managing Director / Chief Executive Officer Malaysian International Trading Corporation (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 & Services, Malaysia LNG Dua Sdn Bhd
- Project Accountant, PETRONAS LNG Dua Project
- Accounts Officer, Binaraya PKINK Sdn Bhd

# PROFILES OF THE BOARD OF DIRECTORS

# PROFILES OF THE BOARD OF DIRECTORS



**WAN YUSOFF WAN HAMAT**  
Independent Non-Executive Director

♂ 72

**Length of Service**  
*(as at 18 February 2025)*

1 - 5 years

**Date of Appointment**

15 September 2020

**Date of Last Re-election**

13 April 2023

**Number of Board Meeting Attended in the financial year**



**Membership of Board Committee(s)**

- Chairman, Board Nomination & Remuneration Committee
- Member, Board Sustainability & Risk Committee

**Academic / Professional Qualifications**

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

**Present Directorship(s):**

**Listed Issuer(s):**

- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

NIL

**Present Appointment(s):**

NIL

**Past Experience**

- Executive Project Director for PETRONAS Refinery and Petrochemical Integrated Development (RAPID) Project, Pengerang, Johor
- Managing Director and Chief Executive Officer, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) / Malaysia Marine and Heavy Engineering Holdings Berhad (MHB)
- Managing Director and Chief Executive Officer of PETRONAS Penapisan (Terengganu) Sdn Bhd
- Joint Venture (Mitsubishi Corporation/Exxon Chemicals) Project Director, Aromatics Complex, Kerteh, Terengganu
- Joint Venture (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



**KEITH TAYLOR**  
Independent Non-Executive Director

♂ 73

**Length of Service**  
*(as at 18 February 2025)*

> 5 years

**Date of Appointment**

1 June 2019

**Date of Last Re-election**

13 April 2023

**Number of Board Meeting Attended in the financial year**



**Membership of Board Committee(s)**

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

**Academic / Professional Qualifications**

- Higher National Certificate Business Studies, United Kingdom

**Present Directorship(s):**

**Listed Issuers:**

- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

NIL

**Present Appointment(s):**

- Board Member, Semco Maritime A/S

**Past Experience**

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

# PROFILES OF THE BOARD OF DIRECTORS

# PROFILES OF THE BOARD OF DIRECTORS



**MARIAH MOHAMAD SAID**

Independent Non-Executive Director

♀ 70

**Length of Service**  
(as at 18 February 2025)  
< 1 year

**Date of Appointment**  
8 May 2024

**Date of Last Re-election**  
Not Applicable

**Number of Board Meeting Attended in the financial year**  
8/8

**Membership of Board Committee(s)**

- Chairperson, Board Audit Committee
- Member, Board Nomination & Remuneration Committee

**Academic / Professional Qualifications**

- Chartered Institute of Management Accountants, United Kingdom (FCMA)
- Member of Malaysian Institute of Accountants

**Present Directorship(s):**

**Listed Issuer(s):**

- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

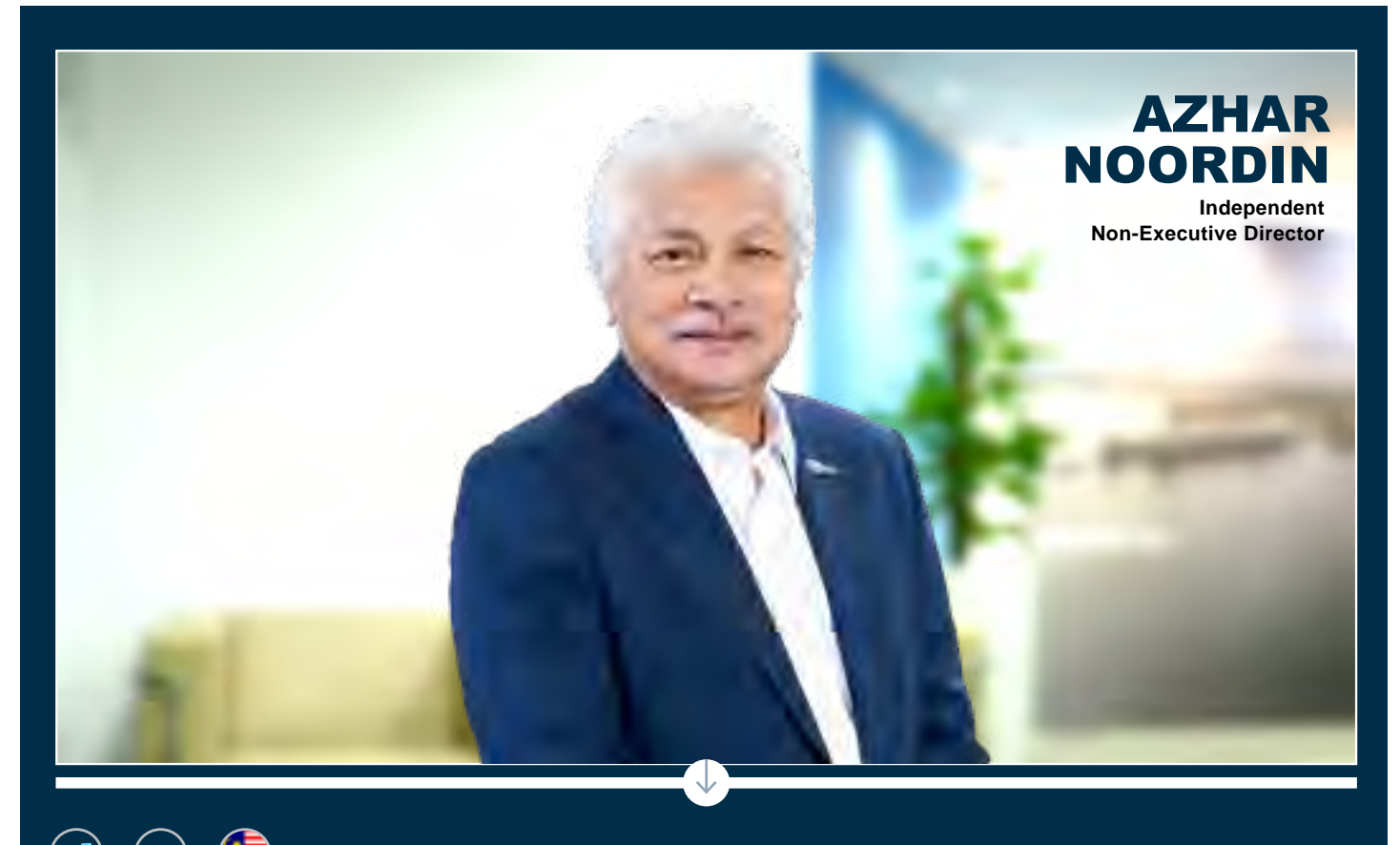
NIL

**Present Appointment(s):**

- Director, Putrajaya Holdings Sdn Bhd

**Past Experience**

- Director of various subsidiaries within the PETRONAS Group including the property investment arm of KLCC Group
- Head, Group Finance and General Services, KLCC (Holdings) Sdn Bhd
- Head, Finance and Accounts, Putrajaya Holdings Sdn Bhd
- Senior General Manager, Group Internal Audit, PETRONAS
- General Manager, Group Internal Audit, PETRONAS
- General Manager, Group Finance, PETRONAS
- Senior Manager, Group Finance, PETRONAS
- Senior Manager, Finance and Accounts, PETRONAS Carigali Sdn Bhd
- Section Head, Financial Accounting, PETRONAS Carigali Sdn Bhd
- Section Head, Group Accounting, PETRONAS
- Section Head, Group Budget, PETRONAS
- Accounts Executive, PETRONAS



**AZHAR NOORDIN**

Independent Non-Executive Director

♂ 71

**Length of Service**  
(as at 18 February 2025)  
< 1 year

**Date of Appointment**  
8 May 2024

**Date of Last Re-election**  
Not Applicable

**Number of Board Meeting Attended in the financial year**  
8/8

**Membership of Board Committee(s)**

- Member, Board Sustainability & Risk Committee

**Academic / Professional Qualifications**

- Bachelor of Mechanical Engineering, Universiti Teknologi Mara (UiTM)

**Present Directorship(s):**

**Listed Issuer(s):**

- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

NIL

**Present Appointment(s):**

- Independent Non-Executive Director, PETRONAS Carigali Sdn Bhd
- Independent Non-Executive Director, PETRONAS Carigali International Ventures Sdn Bhd

**Past Experience**

- Technical Advisor, Singapore Power (SP Group)
- Technical Advisor, Sembcorp Marine Ltd
- Technical Advisor, Kulim Berhad
- Vice President, Offshore Business Unit, MISC Berhad
- Senior General Manager, Group Health, Safety & Environment Division, PETRONAS
- Senior General Manager, Development Division, PETRONAS Carigali Sdn Bhd
- Executive Assistant to President, PETRONAS
- Country General Manager, PICL (Egypt)
- Country Manager / General Manager, E & P Division, Greater Nile Production Operating Company, Sudan

# PROFILES OF THE BOARD OF DIRECTORS

# PROFILES OF THE BOARD OF DIRECTORS



**SHAMSUL  
BAHAR  
AHAMAD  
ZAINAL  
BADRI**  
Non-Independent  
Non-Executive Director

♂ 56

**Length of Service**  
*(as at 18 February 2025)*  
< 1 year

**Date of Appointment**  
8 May 2024

**Date of Last Re-election**  
Not Applicable

**Number of Board Meeting Attended in the financial year**  
8/8

**Membership of Board Committee(s)**  
• Member, Board Audit Committee

**Academic / Professional Qualifications**

- Bachelor of Arts in Accounting and Financial Analysis, University of Newcastle-Upon-Tyne, United Kingdom
- Master of Business Administration with concentration in Finance and International Business, Universiti Malaya
- Member of the Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants
- Fellow of Association of Chartered Certified Accountants
- Advanced Management Program, Harvard Business School
- Senior Management Development Program, INSEAD

**Present Directorship(s):**

- Listed Issuer(s):**
- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**  
NIL

**Present Appointment(s):**

- Vice President & Group Financial Controller, PETRONAS
- Director, Putrajaya Holdings Sdn Bhd
- Chairman, Energas Insurance (L) Ltd
- Director, PICL Marketing Thailand Ltd
- Director, PETRONAS Digital Sdn Bhd

**Past Experience**

- Chief Financial Officer, Upstream Business, PETRONAS
- Head of Exploration, Development & Production Upstream Finance, PETRONAS
- Head of Finance Operations Upstream, PETRONAS
- Head of Finance for Iraq Operations, PETRONAS
- Head of Group Corporate Finance for Gas Business, PETRONAS



**ZAHID  
OSMAN**  
Non-Independent  
Non-Executive Director

♂ 52

**Length of Service**  
*(as at 18 February 2025)*  
< 1 year

**Date of Appointment**  
19 August 2024

**Date of Last Re-election**  
Not Applicable

**Number of Board Meeting Attended in the financial year**  
4/5

**Membership of Board Committee(s)**  
NIL

**Academic / Professional Qualifications**

- Master in Business Administration, University of Chicago Booth School of Business, United State of America
- Bachelor of Science (Industrial Economics), University of Nottingham, United Kingdom
- Management Program on Strategy Creation, Columbia Business School

**Present Directorship(s):**

- Listed Issuer(s):**
- MISC Berhad
  - Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**  
NIL

**Present Appointment(s):**

- President & Group Chief Executive Officer, MISC Berhad
- President & Chief Executive Officer, AET

- Vice President, Maritime, Gas and Maritime Business, PETRONAS
- Vice President, Petroleum & Products, MISC Berhad
- Board Member, various subsidiaries within the MISC Group
- Chairman of Advisory Panel at Malaysia Women in Energy (MyWiE)
- Board of Trustee, Malaysian Petroleum Club
- Advisory Council Member, Global Maritime Forum

**Past Experience**

- Chief Operating Officer, MISC Berhad
- Committee Member, The London P&I Club
- Council Member and Chairman of Government & Regulatory Affairs Working Committee, Malaysian Gas Association
- Vice President, Corporate Planning, MISC Berhad
- Vice President, Liquefied Natural Gas (LNG) Business (now known as Gas Assets & Solutions), MISC Berhad
- Vice President of Venture Development, Shell Integrated Gas & New Energies
- Management positions in finance, LNG marketing and trading, business development, commercial, Upstream Production Sharing Contract (PSC), stakeholder management, Joint Venture (JV) governance, gas advocacy and project management in Upstream, Downstream, Integrated Gas and Trading businesses, Shell Group of Companies

# PROFILES OF THE BOARD OF DIRECTORS

# PROFILES OF THE BOARD OF DIRECTORS



**RAJA AZLAN SHAH RAJA AZWA**  
Non-Independent Non-Executive Director

♂ 54

**Length of Service**  
*(as at 18 February 2025)*  
1 - 5 years

**Date of Appointment**  
1 January 2023

**Date of Last Re-election**  
13 April 2023

**Number of Board Meeting Attended in the financial year**  
13/13

**Membership of Board Committee(s)**

- Member, Board Nomination & Remuneration Committee
- Member, Board Sustainability & Risk Committee

**Academic / Professional Qualifications**

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

**Present Directorship(s):**

- Listed Issuer(s):**
- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

NIL

**Present Appointment(s):**

- Chief Strategy & Sustainability Officer, MISC Berhad
- 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**

- Vice President, Corporate Planning, MISC Berhad
- Vice President, Group Finance, MISC Berhad
- Independent Non-Executive Director, Institut Jantung Negara Holdings Sdn Bhd
- Chairman, Audit and Risk Management Committee, Institut Jantung Negara 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



**MOHD NAZIR MOHD NOR**  
Managing Director & Chief Executive Officer  
Non-Independent Executive Director

♂ 48

**Length of Service**  
*(as at 18 February 2025)*  
1 - 5 years

**Date of Appointment**  
1 December 2023

**Date of Last Re-election**  
Not Applicable

**Number of Board Meeting Attended in the financial year**  
13/13

**Membership of Board Committee(s)**  
NIL

**Academic / Professional Qualifications**

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

**Present Directorship(s):**

- Listed Issuer(s):**
- Malaysia Marine and Heavy Engineering Holdings Berhad

**Other Public Company:**

NIL

**Present Appointment(s):**

- Board Member, MHB
- Board Member, PETRONAS Energy and Gas Trading Sdn Bhd
- Board member, Trans Thai-Malaysia (Thailand) Limited & Trans Thai-Malaysia (Malaysia) Sdn Bhd
- Board member of several private companies within the MHB Group
- Vice President, Marine and Heavy Engineering, MISC Berhad

**Past Experience**

- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head & Chief Executive Officer, PETRONAS 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 & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation Project 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

# PROFILES OF THE BOARD OF DIRECTORS

## ADDITIONAL INFORMATION OF THE BOARD OF DIRECTORS:

### A. Family Relationship:

- None of the Directors has any family relationship with any Director and / or major shareholder of the Company.

### B. Conflict of Interest:

- The penultimate and ultimate holding companies of MHB are MISC Berhad and Petroliam Nasional Berhad (PETRONAS), respectively.
- The following Directors of the Company, namely Encik Mohammad Suhaimi Mohd Yasin and Encik Zahid Osman, are members of the Board of Directors of MISC Berhad. Encik Zahid Osman holds a Senior Management position at PETRONAS. Potential conflicts of interest may arise due to the common directorships and involvement in the related companies.
- YM Raja Azlan Shah Raja Azwa is a member of MISC Berhad's Senior Management and is a board member of various subsidiaries of MISC Berhad and MHB. Potential conflict of interest may arise due to the common directorship and involvement in the related companies.
- Encik Azhar Noordin is a non-executive director of PETRONAS Carigali Sdn Bhd, a major client of the Company. He also sits as a board member in various companies within the PETRONAS Group. Potential conflict of interest may arise due to the common directorship and involvement in the related companies.
- Encik Shamsul Bahar Ahamad Zainal Badri holds a Senior Management position in PETRONAS and is a board member of various companies within the PETRONAS Group. Potential conflict of interest may arise due to the common directorships and involvement in the related companies.
- Encik Mohd Nazir Mohd Nor, a secondee from PETRONAS, is a board member of various companies within PETRONAS Group and holds a Senior Management position at MISC Berhad. Potential conflict of interest may arise due to the common directorships and involvement in the related companies.
- Directors with direct / indirect interest in shares of publicly listed companies within PETRONAS / MISC Group could be perceived as having a potential conflict of interest when dealing with the Company.
- Save as disclosed above and elsewhere in this Integrated Annual Report, none of the other Directors has any conflict of interest or potential conflict of interest, including competing business with the Company or its subsidiaries.
- The Board Audit Committee continuously reviews and assesses further potential conflicts of interests of directors, key senior management and legal representatives of the Company (if any) and the measures to resolve, eliminate or mitigate such conflicts.
- The disclosures in connection with any conflict of interest or potential conflict of interest are reported in the Board Audit Committee Report on pages 186 to 189 of this IAR 2024.

### C. Conviction for offences within the past five (5) years (other than traffic offences, if any):

- None of the Directors has any conviction for offences, other than traffic offenses, if any, for the past 5 years.

### D. Public Sanction or Penalty imposed by any regulatory bodies:

- None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2024.

# PROFILES OF MANAGEMENT COMMITTEE



## MOHD NAZIR MOHD NOR



### Position

**Managing Director & Chief Executive Officer**

### Length of Service (as at 18 February 2025)

1-5 years

### Date of Appointment

1 December 2023

### Academic / Professional Qualifications

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

### Past Experience

- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head & Chief Executive Officer, PETRONAS 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 & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation Project 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

### Present Appointments:

- Board member, MHB
- Board member, PETRONAS Energy and Gas Trading Sdn Bhd
- Board member, Trans Thai-Malaysia (Thailand) Limited & Trans Thai-Malaysia (Malaysia) Sdn Bhd
- Board member of several private companies within the MHB Group
- Vice President, Marine and Heavy Engineering, MISC Berhad



## MOHAMED SAHLAN SALLEH



### Position

**Chief Operating Officer**

### Length of Service (as at 18 February 2025)

1-5 years

### Date of Appointment

1 January 2024

### Academic / Professional Qualifications

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

### 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, United States of America
- President (Designate), SEC USA Keppel AmFELS, Keppel FELS, United States of America
- Executive Director (Operations), New Builds, Keppel FELS, Singapore
- Executive Director, Operations, Keppel FELS, Singapore
- General Manager, Operations, Keppel FELS, Singapore
- Assistant General Manager, Operations, Keppel FELS, Singapore

### Present Appointments:

NIL

# PROFILES OF MANAGEMENT COMMITTEE

# PROFILES OF MANAGEMENT COMMITTEE



## MOHAMMAD ROMZI SHAFI'E



**Position**  
Chief Financial Officer

**Length of Service**  
(as at 18 February 2025)  
1-5 years

**Date of Appointment**  
1 August 2023

### Academic / Professional Qualifications

- Bachelor of Science in Accounting, Cardiff University
- Fellow Member of the Institute of Chartered Accountants in England and Wales
- Member of Malaysian Institute of Accountants
- University of Oxford Said Business School's Alumni

### 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 & Young

### Present Appointments:

- Board member of several private companies within MHB Group



## IR. HISHAM HARON



**Position**  
Chief Business Officer, Marine & Asset Integrity Solutions

**Length of Service**  
(as at 18 February 2025)  
> 5 years

**Date of Appointment**  
16 July 2016

### 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, MMHE
- General Manager, Commercial of Marine Repair Business Unit, MMHE
- Head of Division Planning, Marine Repair Division, MMHE
- Chief Executive Officer, MMHE LNG Sdn Bhd

**Present Appointments:**  
NIL



## SHARON YAP SWEE YOKE



**Position**  
Chief Business Officer, Oil & Gas

**Length of Service**  
(as at 18 February 2025)  
1 - 5 years

**Date of Appointment**  
1 April 2022

### Academic / Professional Qualifications

- Bachelor of Law (Hons), University of Buckingham, United Kingdom
- Barrister, UK Inns of Court (Gray's Inn)
- Called to the bar of the High Court of UK & 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 & LNG (PETRONAS Canada)
- Head of Special Projects (Downstream), PETRONAS
- Director / Member of Audit Committee, Board Subcommittee & PETRONAS Subsidiaries

**Present Appointments:**  
NIL



## CAPTAIN RAMESH CHINNAPPAN



**Position**  
General Manager, Corporate Quality, Health, Safety, Security, Environment

**Length of Service**  
(as at 18 February 2025)  
1 - 5 years

**Date of Appointment**  
15 August 2023

### 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 & Assurance, Group HSSE & Sustainability, MISC Berhad
- General Manager, HSSE, MHB
- Head, Health, Safety & Assurance, Group HSSE, MISC Berhad

- General Manager, Corporate Health, Safety & Environment, Corporate HSSE & Ship Management Audit, MISC Berhad
- General Manager, 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

**Present Appointments:**  
NIL

# PROFILES OF MANAGEMENT COMMITTEE



## SHAHRIN ALBAKRI MUSTAFA ALBAKRI

51

**Position**

**General Counsel, Legal, Corporate Secretarial & Compliance**

**Length of Service**  
*(as at 18 February 2025)*

1 - 5 years

**Date of Appointment**

17 September 2020

**Academic / Professional Qualifications**

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

**Past Experience**

- Head, Legal, Uzma Berhad
- Head, 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

**Present Appointments:**

NIL



## LUQZAN ARIFF MUSTAFA KAMAL

42

**Position**

**Chief Strategy & Sustainability Officer**

**Length of Service**  
*(as at 18 February 2025)*

< 1 year

**Date of Appointment**

1 May 2024

**Academic / Professional Qualifications**

- Master in Business Administration, Harvard Business School, Boston, United States of America
- Bachelor of Engineering (Chemical Engineering), University of Queensland, Brisbane, Australia
- Bachelor of Business Management (Business Economics), University of Queensland, Brisbane, Australia

**Past Experience**

- Senior Manager, Merger and Acquisition, Corporate Strategy, PETRONAS
- Head, Internal Audit (Corporate), Group Internal Audit, PETRONAS
- Joint Venture Analyst, Progress Energy Canada Ltd, Calgary, Canada
- Senior Analyst (Upstream), Corporate Strategic Planning, PETRONAS
- Operations Engineer, Malaysian Refining Company Sdn Bhd, PETRONAS

**Present Appointments:**

NIL



## RAHAYA MAT ISHAK

49

**Position**

**Chief Human Resource Officer**

**Length of Service**  
*(as at 18 February 2025)*

< 1 year

**Date of Appointment**

1 November 2024

**Academic / Professional Qualifications**

- Bachelor of Information Technology (Honours), Universiti Kebangsaan Malaysia

**Past Experience**

- Senior Manager, People Strategy & Planning, PETRONAS Chemicals Group Berhad
- Senior Manager, Human Resource Management (HRM), Malaysian Refining Company Sdn Bhd
- Senior Manager (emb.arc), Project Management Office, PETRONAS
- Senior Manager, Resource Management & Employee Relations, Project Delivery & Technology (PD&T), PETRONAS

- Senior Manager, HRM – Group Project Delivery & Group Technical Solutions, PD&T, PETRONAS
- Manager, HRM – Group Procurement, PD&T, PETRONAS
- Manager, Organisation Design & Job Management, HRM, PETRONAS
- Executive, HRM – Commercial, HRM, Malaysia LNG Sdn Bhd
- Executive, Job Management & People Planning, HRM, PETRONAS Dagangan Berhad
- Executive, Performance Management, HRM, PETRONAS Dagangan Berhad
- Executive, Performance Management System (PMS), HRM Division, PETRONAS
- Executive, IT Application, PETRONAS

**Present Appointments:**

NIL

**ADDITIONAL INFORMATION OF THE MANAGEMENT COMMITTEE MEMBERS:**

**A. Family Relationship:**

- None of the Senior Management personnel has any family relationship with any Director and / or major shareholder of the Company.

**B. Conflict of Interest** (only applicable for MD & CEO, CFO, COO and General Counsel being the Key Senior Management of the Company):

- None of the Key Senior Management has any conflict of interest or potential conflict of interest, except for Encik Mohd Nazir Mohd Nor, who is a secondee from PETRONAS, a board member of various companies within PETRONAS Group and holds a Senior Management position at MISC Berhad. Potential conflict of interest may arise due to the common directorships and involvement in the related companies.
- The Board Audit Committee continuously reviews and assesses further potential conflicts of interests of key senior management and legal representatives of the Company (if any) and the measures to resolve, eliminate or mitigate such conflicts.
- The disclosures in connection with any conflict of interest or potential conflict of interest are reported in the Board Audit Committee Report on pages 186 to 189 of this IAR 2024.

**C. Conviction for offences within the past five (5) years (other than traffic offences, if any):**

- None of the Senior Management has any conviction for offences, other than traffic offenses, if any, for the past 5 years.

**D. Public Sanction or Penalty imposed by any regulatory bodies:**

- None of the Senior Management has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

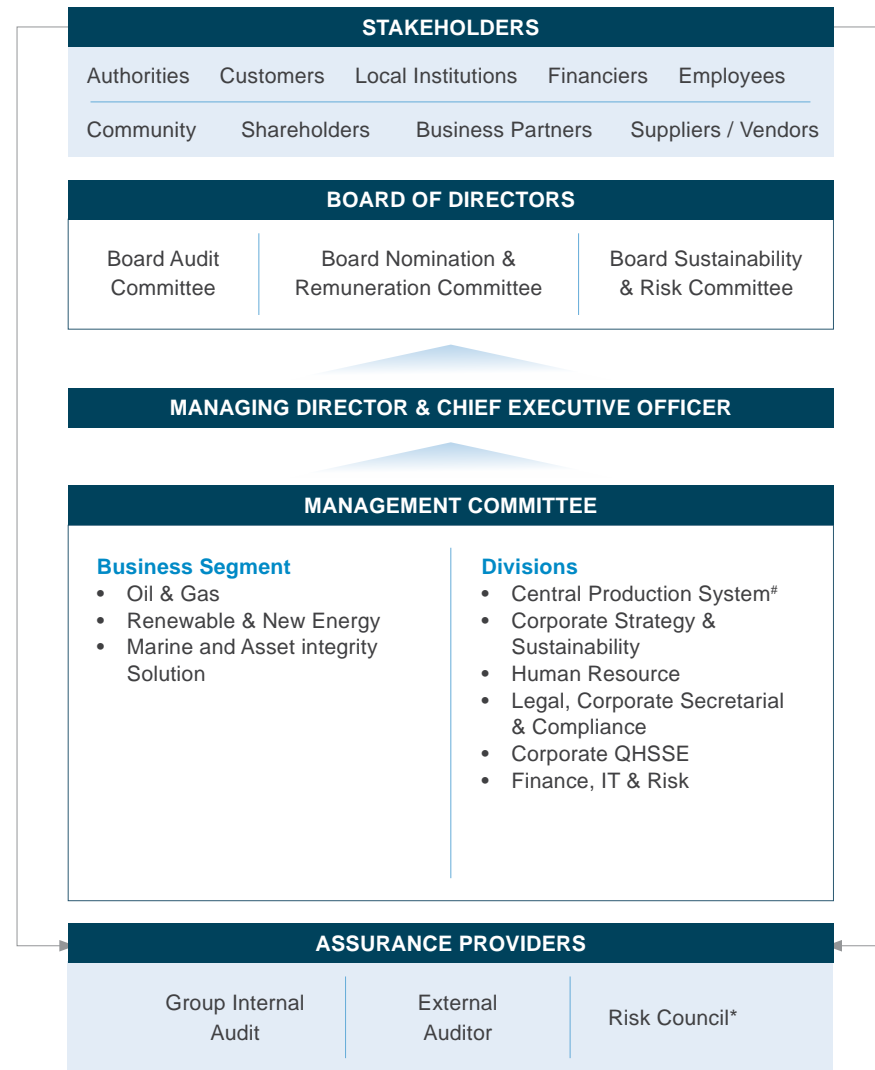
The Board of Directors of MHB (Board) is committed to upholding the highest standards of corporate governance. Comprising a high-performing, diverse, and balanced group of individuals, the Board operates within a well-established governance framework that ensures robust decision-making and effective oversight of the Group's activities.

This Corporate Governance Overview Statement (CGOS) outlines the governance process and practices applied by the Company during the year under review in full compliance with Paragraph 15.25 (1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia). It is further aligned with the principles and recommendations of the Malaysian Code on Corporate Governance Corporate Governance 2021 (MCCG 2021), the Companies Act 2016 and Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

This CGOS should be read in conjunction with the Corporate Governance Report (CG Report), which is also available on the MHB's corporate website at [www.mhb.com.my](http://www.mhb.com.my). The CG Report provides details of how the Company has applied the practices outlined in the MCCG 2021, including any deviations and the corresponding alternatives measures adopted. Together, these documents reflect the Board and Management's commitments to maintaining the highest levels of corporate governance and ensuring that these principles are embedded across the organisation.

**Corporate Governance Framework**

The following Corporate Governance Framework of MHB provides an overview of how the Board, Board Committees and Management strategically conduct their activities to drive the achievement of the Group's corporate and business objectives:



# The Central Production System (CPS) division is led by the Chief Operating Officer (COO). The departments within CPS include Central Planning, Construction, Asset Maintenance, Supply Chain Management, HUC & T&I, Operations Quality Control, Operations HSE, and Engineering. \* comprises MC members

The Corporate Governance Framework is further supported by the Board Charter, Terms of Reference (TOR) for each of the Board Committees and the MHB Group Limits of Authority (LOA).

**Board Charter**

The roles and responsibilities of the Board and individual Directors are clearly outlined in the Board Charter which reflects the corporate governance framework and practices of the MHB Group. The Board Charter defines key elements including the role of the Managing Director & Chief Executive Officer (MD & CEO), 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, regulations and best practices. The most recent revision of the Board Charter was approved by the Board on 12 November 2024.

The Board Charter is available in the Corporate Governance section on the MHB's corporate website at [www.mhb.com.my](http://www.mhb.com.my).

In addition to the Board Charter, the Corporate Governance Framework is reinforced by the MHB Group LOA, which specifies matters reserved for the Board's approval and those delegated to the MD & CEO and Management.

**Board Roles and Responsibilities**

The primary responsibility of the Board is to provide strategic guidance for the Company and ensure an effective oversight of Management. The Board plays a critical role in steering the overall strategy and direction of the Group, while assuring stakeholders that their interests are managed in the most effective and responsible manner. The Board is responsible for reviewing and making decisions on key matters including: -

- The development and approval of strategies and business plan;
- Oversight of business conduct and key operational initiatives;
- Financial plans, the annual budget and performance assessment;
- Major investments, expansions, divestments, funding proposals and business diversification;
- Oversight of significant of human resource matters, including Board renewal process;
- Risk management and sustainability initiatives; and
- Adherence to corporate governance best practices.

**Strategic and Business Plan**

The Board plays an integral role in shaping the Company's strategic and business planning. To ensure alignment with the Company's long-term objective, a dedicated Special Board Meeting is held in the fourth quarter of each year. This meeting provides an opportunity for the Board to offer guidance and specific advice on the Company's strategic business objectives as well as on Management's proposed initiatives for short, medium, and long-term plans.

In preparing this business plan, MHB is guided by the delivery strategy outlined during the July 2024 Board Strategic Conversation, and subsequent engagements carried out with internal stakeholders.

Additionally, the business plan incorporates the Key Transformation Initiatives to bring about MHB's required positive operational shifts.

The Board in October 2024, has approved the MHB Business Plan for FY 2025 – 2030 and Budget for FY 2025.

Informed by the Board's guiding parameters, insights from Board Committees, and comprehensive research on the macro environment and the Company's internal capabilities, Management prepares the business plan, budget, and scorecard for the upcoming financial year. These documents are presented to the relevant Board Committees and subsequently discussed at the Special Board Meeting. Throughout the deliberations, both the Board and Board Committees rigorously challenge Management's perspectives and assumptions, ensuring that the best possible outcomes are achieved.

**Sustainability Management**

MHB's sustainability governance structure is the cornerstone of our sustainability agenda. MHB maintains a transparent and effective governance framework that integrates sustainability factors into business operations, ensuring their consideration in all strategic decisions. Through robust oversight, MHB priorities stakeholders interests and manages risks effectively.

The Board holds ultimate responsibility for embedding sustainability into MHB's strategy and operations. The Board oversees the Board Sustainability & Risk Committee (BSRC), which is responsible for managing sustainability-related risks. The Management Committee (MC) reviews and approves sustainability initiatives that align with the Company's strategic priorities.

The Sustainability Unit plays a key role in tracking progress and reporting to the MC, the BSRC, and the Board on a quarterly basis, ensuring ongoing alignment and accountability in our sustainability efforts.

Further information on MHB's approach towards sustainability is provided in the Sustainability Statement on pages 86 to 152 of this Integrated Annual Report.

**Ethics and Compliance**

The Board is dedicated to upholding the highest standards of ethics, integrity and corporate governance across MHB. To support this commitment, the Company has implemented its Code of Conduct and Business Ethics, which includes the Whistleblowing Policy and the No Gift Policy. These policies are central to fostering transparency, accountability, and ethical behavior within the organisation.

In alignment with these principles, MHB has consistently adhered to the guidance outlined in the CoBE and the Anti-Bribery and Corruption (ABC) Manual. MHB is also certified under ISO 37001:2016 Anti-Bribery Management Systems (ABMS) by SIRIM QAS International Sdn Bhd, reinforcing the Group's commitment to preventing, detecting,

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

and addressing bribery risks. This certification ensures compliance with relevant laws, regulations, and other requirements, while furthering voluntary commitments to combat bribery.

These policies, along with the ABMS certification, ensure that all employees, Directors, and the contractors, subcontractors, consultants, agents, representatives and others performing work or services for or on behalf of MHB will adhere to the relevant sections of the CoBE. This ensures that all work and services are conducted in accordance with the highest ethical standards.

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

Additional details on these codes and policies can be found in the Sustainability Statement on pages 86 to 152 of this Integrated Annual Report and on the corporate website at [www.mhb.com.my](http://www.mhb.com.my).

### Board Composition and Diversity

The Board of MHB comprises nine (9) Directors, all of whom are Non-Executive Directors (NEDs), apart from the MD & CEO. Of the eight (8) NEDs, five (5) are Independent Directors, meeting the requirement that one-third (1/3) of the Board members be independent as stipulated under

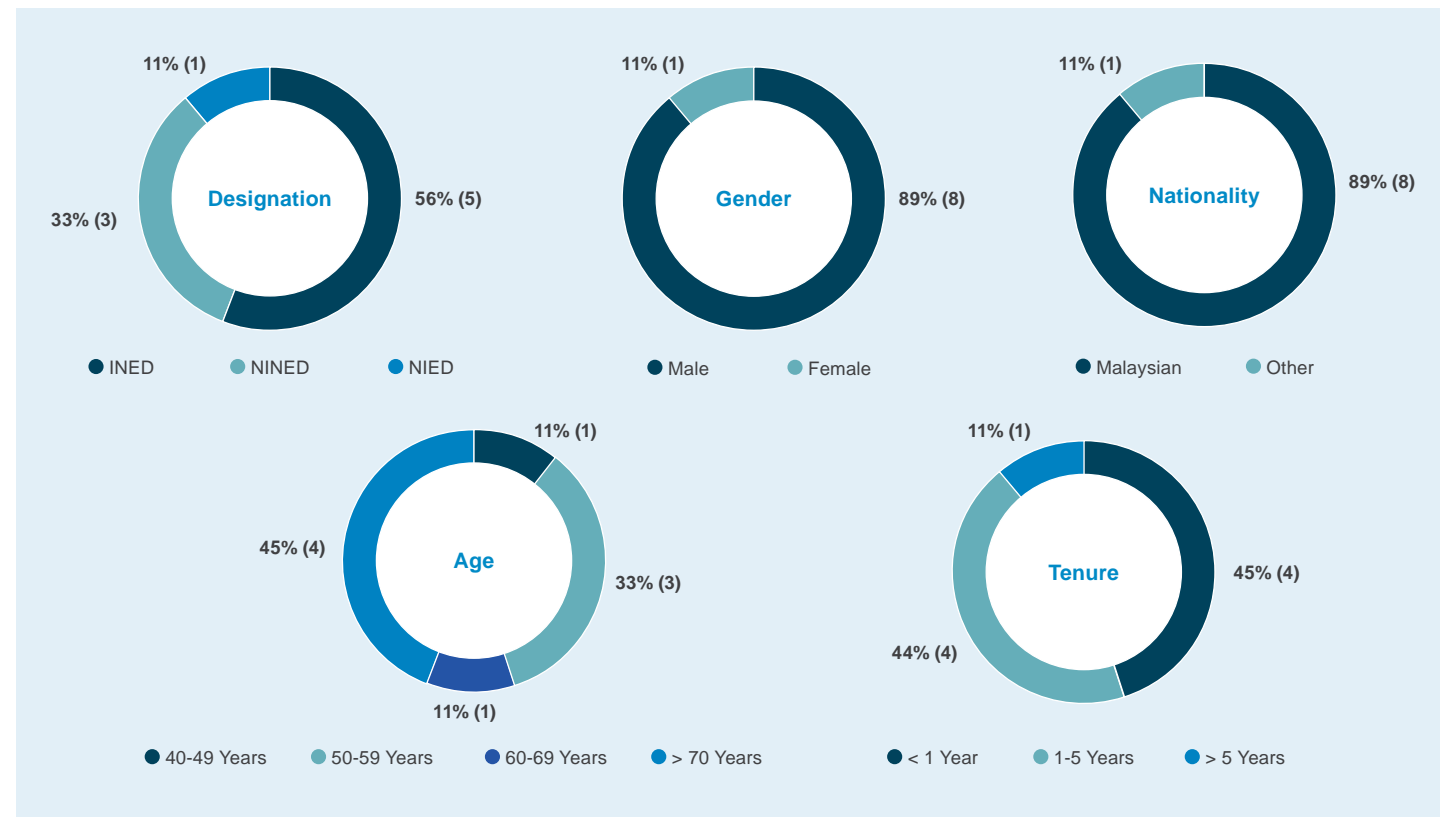
Paragraph 15.02(1)(a) of the MMLR and Practice 5.2 of the MCCG 2021 where at least half of the Board comprises independent directors.

The members of the Board are individuals of high integrity and calibre, possessing a deep understanding of MHB's business. They bring a wealth of experience across a range of critical fields, including strategic planning, engineering and construction, finance and accounting, the oil and gas industry, renewables and new energy industry, risk management, procurement and management, legal, and governance. This diversity of experience and expertise is essential to the Group's continued success and sustainability.

Each Director provides an independent and objective perspective, enabling the Board to make balanced, and well-considered decisions that are in the best interests of the Group.

The Board believes that its composition is appropriate in terms of size, skills, experience, and diversity—factors that collectively support effective decision-making and governance. The size and composition of the Board are reviewed annually, taking into consideration the scope, nature, and diversity of the Group's operations.

As of 18 February 2025, the composition of the Board is as follows:



Each Director is expected to allocate sufficient time and attention to effectively discharge their duties and responsibilities to the Company. Prior to accepting any new directorship outside the Group, Directors must notify the Chairman, providing details of the time commitment required for the new role. In compliance with the MMLR, no Board member holds more than five (5) directorships in listed companies.

The Company is committed to achieving the 30% gender diversity target for women directors, as outlined in the MCCG 2021, through its Board renewal process. However, Board candidacy at MHB remains primarily based on merit, with a focus on qualifications, experience, knowledge, and expertise to enhance the Board's overall effectiveness.

The diversity policy which is embedded in the Board Charter may be referred to the MHB's corporate website at [www.mhb.com.my](http://www.mhb.com.my).

For more information on the Board members, please refer to their respective profiles on pages 153 to 161 of this Integrated Annual Report.

### The Board Skills Matrix

	Mohammad Suhaimi Mohd Yasin	Wan Yusoff Wan Hamat	Keith Taylor	Mariah Mohamad Said	Azhar Noordin	Raja Azlan Shah Raja Azwa	Shamsul Bahar Ahamad Zainal Badri	Zahid Osman	Mohd Nazir Mohd Nor
Corporate Planning & Development		•	•	•	•	•	•	•	•
Risk Management	•	•	•	•	•	•	•	•	•
Oil & Gas and Renewable	•	•	•		•	•	•	•	•
Operations		•	•	•	•	•		•	•
Procurement	•	•	•	•	•	•		•	•
Commercial / Marketing	•	•	•	•	•	•		•	•
Project Management	•	•	•	•	•	•		•	•
Economics		•	•	•	•	•	•	•	
Shipping	•	•	•			•		•	
Engineering		•	•		•			•	•
Human Resource		•	•	•	•	•		•	•
Corporate Governance	•	•	•	•	•	•	•	•	
Legal & Regulatory		•	•	•		•		•	
Finance	•	•	•	•		•	•	•	
Accounts	•	•	•	•		•	•	•	
Audit		•	•	•	•	•	•	•	
Sustainability		•	•	•	•	•	•	•	

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

**Demarcation of Responsibility**

The roles of Chairman and MD & CEO are held by distinct individuals—Mohammad Suhaimi Mohd Yasin and Mohd Nazir Mohd Nor, respectively. The separation of these roles is essential, as each position carries distinct responsibilities and expectations. This distinction ensures the appropriate checks and balances, fostering effective governance and decision-making within the Group.

**Chairman**

The Chairman provides leadership for the Board and is primarily responsible for ensuring the Board effectively discharge its obligations to the Company. This includes setting the agenda, style and tone of Board discussions to encourage constructive debate, facilitate effective decision-making, uphold strong corporate governance practices and lead the Board meetings and general meetings.

In accordance with Practice 1.4 of the MCCG 2021, the Chairman of MHB is not a member of any Board Committees, ensuring a clear division of responsibilities and promoting independent oversight.

**MD & CEO**

The MD & CEO leads the overall operations of the business and drives organisational effectiveness with the support of the Management Committee. In addition, the MD & CEO is responsible for coordinating the development and implementation of policies and business strategies, ensuring that business activities, financial management and risk management are conducted transparently, ethically and in compliance with the relevant laws and regulations, all in the interest of the stakeholders.

All Board authorities delegated to the Management are conferred through the MD & CEO, and such authorities are considered to be within the MD & CEO's authority remit, carrying both responsibilities and accountability.

**Independent Non-Executive Directors**

The Independent Non-Executive Directors (INEDs) are free from any business or other relationships that could compromise their independent judgement in Board deliberations. MHB adheres to Step-Up Practice 5.4 of the MCCG 2021, which stipulates that the tenure of INEDs shall not exceed a cumulative term of nine (9) years.

During the year under review, the INEDs reaffirmed their independence in accordance with the criteria outlined in the MMLR for Independent Directors.

The INEDs play a crucial role in ensuring that the strategies proposed by Management are thoroughly deliberated, with a focus on the long-term interests of the Group, its shareholders, and other stakeholders.

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

Board meetings are scheduled in advance, along with the tentative agenda, at the start of each financial year to allow Directors to plan and accommodate the proposed meetings into their schedules. The Board meets quarterly, with additional meetings held as necessary.

The agenda for scheduled Board meetings include the review of both financial and non-financial matters, covering areas such as strategic, operational, regulatory, governance, sustainability and human resource. Certain matters are reserved specifically for the Board's decision, including the approval of the Group's business plans and budget, major investments, acquisitions and divestments, major bid submissions, appointment of key management positions, corporate scorecard, performance evaluation of key management, and the establishment of key policies and procedures. Important and urgent papers may be presented during the "Any Other Business" section, subject to approval by the Chairman and MD & CEO.

Board papers for each agenda item are distributed to Directors within a reasonable timeframe before the Board meeting to allow sufficient time for review and consideration, facilitating informed discussions, in case of sensitive or highly confidential matters, there may be provided on the day of the meeting.

Directors are granted electronic access to Board papers through secure software, enabling them to conveniently access, read, and review documents remotely, at their convenience.

Management, Chairpersons of the Board Committees, and relevant external consultants, where applicable, also provide presentations and briefings at Board meetings to further inform the Board's deliberations. Relevant information is provided and clarifications offered to ensure the Board is equipped to make informed decisions.

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

During the year under review, the Board deliberated on the following key matters:-

- Strategies and business plan
- MHB Transformation Plan
- Key operational activities and initiatives
- Financial plans, annual budget, and performance reviews
- Investments, divestments, and diversification of business

- Board Effectiveness Evaluation and Individual Directors Performance
- Annual Performance Rating for Management Committee Members
- Board Renewal and talent development for the Board and key management
- Risk management
- Corporate governance best practices
- Sustainability initiatives and Environmental, Social, and Governance (ESG) targets

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.

The attendance record of each Board member is as follows:-

Members	No. of Meetings attended
<b>Mohammad Suhaimi Mohd Yasin</b> ( <i>Chairman</i> )	13 out of 13
<b>Wan Yusoff Wan Hamat</b>	12 out of 13
<b>Keith Taylor</b>	13 out of 13
<b>Mariah Mohamad Said</b> ( <i>appointed on 8 May 2024</i> )	8 out of 8
<b>Azhar Noordin</b> ( <i>appointed on 8 May 2024</i> )	8 out of 8
<b>Zahid Osman</b> ( <i>appointed on 19 August 2024</i> )	4 out of 5
<b>YM Raja Azlan Shah Raja Azwa</b>	13 out of 13
<b>Shamsul Bahar Ahamad Zainal Badri</b> ( <i>appointed on 8 May 2024</i> )	8 out of 8
<b>Mohd Nazir Mohd Nor</b>	13 out of 13
<b>Gladys Leong</b> ( <i>Retired on 18 April 2024</i> )	3 out of 4
<b>Captain Rajalingam Subramaniam</b> ( <i>Resigned on 15 August 2024</i> )	8 out of 8
<b>Ausmal Kardin</b> ( <i>Retired on 31 August 2024</i> )	11 out of 11

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

**Declaration of Interest**

In all MHB Board and Board Committee meetings, it is standard practice for any Director with an interest in a particular matter or proposal to declare the nature of their interest prior to deliberations. The Director with any interest is required to abstain from participating in discussions or voting on the matter in question. Where necessary, the interested Director will excuse themselves and leave the meeting during deliberation of the relevant item.

All Board deliberations and decisions are properly documented in the minutes of the meetings, which are distributed by the Company Secretaries in a timely manner to ensure transparency and proper record-keeping.

**Directors' Training and Development**

The Company Secretaries play a key role in facilitating the orientation of new Directors and supporting their ongoing training and development. All Board members have completed the Mandatory Accreditation Programme I (MAP I), as required by the MMLR.

For MAP Part II (MAP II), the newly appointed Director, Azhar Noordin and Mariah Mohamad Said have successfully completed the programme in January 2025 while Shamsul Bahar Ahamad Zainal Badri, Zahid Osman as well as Mohd Nazir Mohd Nor are scheduled to attend MAP Part II within the appropriate timeframe as per the requirement.

A dedicated training budget is allocated by the Company to support continuous development of Directors. In addition, Directors also attend relevant programmes organised by MHB's parent company, MISC Berhad.

Throughout the financial year under review, Directors participated in training programmes, conferences, and forums through physical and virtual platforms, which included the following:-

Director	Training Attended	Organisers	Date
<b>Mohammad Suhaimi Mohd Yasin</b> <i>(Chairman)</i>	1. MISC Directors' Training FY2024 • Tackling Emerging Risks • Clean Energy Outlook and Trends • Navigating Maritime Cybersecurity in the Digital Era • Overview of the Shipping Industry	MISC Berhad	13 June 2024
	2. Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Bursa Malaysia	24 - 25 June 2024
	3. CGM Masterclass Series 2024 – Latest Development in Climate: Aligned Executive Compensation	Climate Governance Malaysia (CGM)	17 July 2024
	4. Emission Trading System (ETS) Requirement and Implementation Experiences	AET Tankers	19 September 2024
	5. PETRONAS Board Excellence Program: Global Internal Audit Standard (GIAS) Training	PETRONAS	1 October 2024
	6. MISC Directors' Training FY2024 • Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures • Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry • Overview of the International Sustainability Standards Board (ISSB) IFRS S1 & S2 (International Sustainability Disclosure Standards) • Navigating Ammonia as the Low Carbon Solution	MISC Berhad	4 October 2024
	7. Board Ethics : Growing Concerns for New Technology, Stakeholder Interest and Conflict of Interest	Bursa Malaysia & Institute of Corporate Directors of Malaysia (ICDM)	16 October 2024

Director	Training Attended	Organisers	Date
<b>Keith Taylor</b>	1. MISC Directors' Training FY2024 • Tackling Emerging Risks • Clean Energy Outlook and Trends • Navigating Maritime Cybersecurity in the Digital Era • Overview of the Shipping Industry	MISC Berhad	13 June 2024
	2. MISC Directors' Training FY2024 • Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures • Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry • Overview of the International Sustainability Standards Board (ISSB) IFRS S1 & S2 (International Sustainability Disclosure Standards) • Navigating Ammonia as the Low Carbon Solution	MISC Berhad	4 October 2024
	3. E-Learning MISC Anti-Bribery and Corruption Policy and Guidelines – ABC Manual	MISC Berhad	25 November 2024
<b>Wan Yusoff Wan Hamat</b>	1. MISC Directors' Training FY2024 • Tackling Emerging Risks • Clean Energy Outlook and Trends • Navigating Maritime Cybersecurity in the Digital Era • Overview of the Shipping Industry	MISC Berhad	13 June 2024
	2. E-Learning MISC Anti-Bribery and Corruption Policy and Guidelines – ABC Manual	MISC Berhad	10 September 2024
	3. MISC Directors' Training FY2024 • Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures • Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry • Overview of the International Sustainability Standards Board (ISSB) IFRS S1 & S2 (International Sustainability Disclosure Standards) • Navigating Ammonia as the Low Carbon Solution	MISC Berhad	4 October 2024
<b>Azhar Noordin</b> <i>(appointed 8 May 2024)</i>	1. Mandatory Accreditation Programme (MAP) Part I	ICDM	17 - 18 July 2024
	2. E-Learning MISC Anti-Bribery and Corruption Policy and Guidelines – ABC Manual	MISC Berhad	7 November 2024

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

Director	Training Attended	Organisers	Date
<b>Mariah Mohamad Said</b> <i>(appointed 8 May 2024)</i>	1. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Tackling Emerging Risks</li> <li>Clean Energy Outlook and Trends</li> <li>Navigating Maritime Cybersecurity in the Digital Era</li> <li>Overview of the Shipping Industry</li> </ul>	MISC Berhad	13 June 2024
	2. Mandatory Accreditation Programme (MAP) Part I	ICDM	17-18 July 2024
	3. PETRONAS Board Excellence Program: Global Internal Audit Standard (GIAS) Training	PETRONAS	1 October 2024
	4. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures</li> <li>Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry</li> <li>Overview of the International Sustainability Standards Board (ISSB) IFRS S1 &amp; S2 (International Sustainability Disclosure Standards)</li> <li>Navigating Ammonia as the Low Carbon Solution</li> </ul>	MISC Berhad	4 October 2024
	5. E-Learning MISC Anti-Bribery and Corruption Policy and Guidelines – ABC Manual	MISC Berhad	7 November 2024
<b>Zahid Osman</b> <i>(appointed 18 Aug 2024)</i>	1. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures</li> <li>Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry</li> <li>Overview of the International Sustainability Standards Board (ISSB) IFRS S1 &amp; S2 (International Sustainability Disclosure Standards)</li> <li>Navigating Ammonia as the Low Carbon Solution</li> </ul>	MISC Berhad	4 October 2024
	2. MISC HSSE Partners Summit 2024	MISC Berhad	9 October 2024
	3. Global Maritime Forum Annual Summit 2024	Global Maritime Forum	15 -17 October 2024
	4. ADIPEC 2024	DMG Events	4 - 6 November 2024
	5. Mandatory Accreditation Programme (MAP) Part I	Bursa Malaysia	11-12 November 2024
	6. NXFP Safety Summit	Qatar Energy LNG	11-12 November 2024

Director	Training Attended	Organisers	Date
<b>Raja Azlan Shah</b> <b>Raja Azwa</b>	1. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Tackling Emerging Risks</li> <li>Clean Energy Outlook and Trends</li> <li>Navigating Maritime Cybersecurity in the Digital Era</li> <li>Overview of the Shipping Industry</li> </ul>	MISC Berhad	13 June 2024
	2. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures</li> <li>Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry</li> <li>Overview of the International Sustainability Standards Board (ISSB) IFRS S1 &amp; S2 (International Sustainability Disclosure Standards)</li> <li>Navigating Ammonia as the Low Carbon Solution</li> </ul>	MISC Berhad	4 October 2024
<b>Shamsul Bahar</b> <b>Ahamad Zainal Badri</b> <i>(appointed 8 May 2024)</i>	1. Workiva Accelerate 2024	Workiva Inc.	24 April 2024
	2. SAP Sapphire & ASUG Annual Conference 2024	SAP	3 - 5 June 2024
	3. MIA International Accountant Conference 2024	Malaysia Institute of Accountant	11 - 12 June 2024
	4. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Tackling Emerging Risks</li> <li>Clean Energy Outlook and Trends</li> <li>Navigating Maritime Cybersecurity in the Digital Era</li> <li>Overview of the Shipping Industry</li> </ul>	MISC Berhad	13 June 2024
	5. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures</li> <li>Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry</li> <li>Overview of the International Sustainability Standards Board (ISSB) IFRS S1 &amp; S2 (International Sustainability Disclosure Standards)</li> <li>Navigating Ammonia as the Low Carbon Solution</li> </ul>	MISC Berhad	4 October 2024
	6. Khazanah Megatrends Forum 2024	Khazanah Nasional Berhad	7 - 8 October 2024
	7. E-Learning MISC Anti-Bribery and Corruption Policy and Guidelines – ABC Manual	MISC Berhad	21 November 2024
	8. Mandatory Accreditation Programme (MAP) Part I	ICDM	11 - 12 December 2024

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Director	Training Attended	Organisers	Date
Mohd Nazir Mohd Nor	1. Mandatory Accreditation Programme (MAP) Part I	ICDM	25 - 26 March 2024
	2. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Tackling Emerging Risks</li> <li>Clean Energy Outlook and Trends</li> <li>Navigating Maritime Cybersecurity in the Digital Era</li> <li>Overview of the Shipping Industry</li> </ul>	MISC Berhad	13 June 2024
	3. MISC Directors' Training FY2024 <ul style="list-style-type: none"> <li>Understanding the Duties and Liabilities of Directors and Officers and how to Risk Manage Liability Exposures</li> <li>Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry</li> <li>Overview of the International Sustainability Standards Board (ISSB) IFRS S1 &amp; S2 (International Sustainability Disclosure Standards)</li> <li>Navigating Ammonia as the Low Carbon Solution</li> </ul>	MISC Berhad	4 October 2024

### Directors' Remuneration

The Company is committed to setting Directors' remuneration at competitive levels to attract and retain individuals of high calibre who can effectively lead the Group. In determining remuneration, consideration is given to the scope of responsibilities, workload, and the contribution made by each Director. For Non-Executive Directors (NEDs), the level of remuneration reflects the responsibilities undertaken and the value they bring to the Board.

MHB's remuneration policy for its Directors is aligned with the PETRONAS Public Listed NEDs' Remuneration Guidelines and Package, as detailed below:

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

Note :

- Directors' fees and meeting allowances payable to the NINED are paid directly to MISC Berhad and PETRONAS instead of the individual Directors.
- NEDs 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.

The remuneration for NEDs is subject to approval by shareholders at the Annual General Meeting (AGM). For the year under review, the remuneration, which includes fees, meeting allowances, and other benefits received by each Director, is detailed below:-

Name of Directors	Directors' Annual Fees	Meeting Allowance	Meeting Allowance	Detailed Meeting Allowance			Benefits <sup>(1)</sup> (RM)	Total (RM)
	Board (RM)	Board (RM)	Board Committee	BAC	BNRC	BSRC		
Mohammad Suhaimi Mohd Yasin (Chairman)	240,000.00	49,000.00	-	-	-	-	6,000.00	295,000.00
Wan Yusoff Wan Hamat	120,000.00	45,500.00	52,500.00	-	24,500.00	28,000.00	6,000.00	224,000.00
Keith Taylor	120,000.00	49,000.00	49,000.00	21,000.00	-	28,000.00	-	218,000.00
Mariah Mohamad Said <sup>(2)</sup>	77,741.94	31,500.00	24,500.00	10,500.00	14,000.00	-	3,387.10	137,129.04
Azhar Noordin <sup>(3)</sup>	77,741.94	31,500.00	14,000.00	-	-	14,000.00	3,387.10	126,629.04
Shamsul Bahar Ahamad Zainal Badri <sup>(5), (6)</sup>	77,741.94	31,500.00	3,500.00	3,500.00	-	-	-	112,741.94
Raja Azlan Shah Raja Azwa <sup>(4), (7)</sup>	120,000.00	49,000.00	31,500.00	-	7,000.00	24,500.00	-	200,500.00
Zahid Osman <sup>(4)</sup>	44,193.55	14,000.00	-	-	-	-	-	58,193.55
Gladys Leong	36,000.00	10,500.00	21,500.00	10,500.00	10,500.00	-	1,800.00	69,300.00
Captain Rajalingam Subramaniam <sup>(4)</sup>	74,838.71	31,500.00	-	-	-	-	-	106,338.71
Ausmal Kardin <sup>(4)</sup>	80,000.00	38,500.00	35,000.00	17,500.00	17,500.00	-	-	153,500.00
<b>TOTAL</b>	<b>1,068,258.08</b>	<b>381,500.00</b>	<b>231,000.00</b>	<b>63,000.00</b>	<b>73,500.00</b>	<b>94,500.00</b>	<b>24,774.20</b>	<b>1,701,332.28</b>

Note :

Shareholders had approved the payment of NEDs' remuneration up to an amount of RM1,960,000 at the 35th AGM held on 18 April 2024

<sup>(1)</sup> Benefits comprises Petrol allowances

<sup>(2)</sup> Mariah Mohamad Said was appointed as Director, BAC and BNRC member with effect from 8 May 2024

<sup>(3)</sup> Azhar Noordin was appointed as Director and BSRC member with effect from 8 May 2024

<sup>(4)</sup> Directors' Annual Fees were paid to MISC Berhad as management fees

<sup>(5)</sup> Shamsul Bahar Ahamad Zainal Badri was appointed as Director and BAC member with effect from 8 May 2024 and 24 September 2024, respectively

<sup>(6)</sup> Directors' Annual Fees were paid to PETRONAS as management fees

<sup>(7)</sup> Raja Azlan Shah Raja Azwa was appointed as BNRC member with effect from 24 September 2024

The amounts are provided before any tax adjustments

### Company Secretaries

To ensure the effective operation of the Board, all Directors are supported by qualified and competent Company Secretaries. The Company Secretaries play a key advisory role, ensuring the Board's compliance with applicable laws, regulations, and governance best practices. They also guide the Board on boardroom effectiveness and the Directors' duties and responsibilities.

The Company Secretaries are responsible for ensuring that deliberations during Board and Board Committee meetings are accurately captured, minuted, and communicated to Management for necessary follow-up actions.

For 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), while 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Committees

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

The Board is supported by the following Board Committees:

- i) Board Nomination & Remuneration Committee (BNRC);
- ii) Board Audit Committee (BAC); and
- iii) Board Sustainability & Risk Committee (BSRC).

The composition of these Committees are in full compliance with the MMLR and aligned with the best practices outlined in the MCGG 2021, ensuring their effectiveness and the efficient discharge of their responsibilities. Each Committee operates within its own TOR, which clearly defines its roles and functions.

The Chairperson of each Committee is responsible for reporting to the Board on the deliberations, discussions, and outcomes of the Committee's meetings.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Board Audit Committee

The Board Audit Committee (BAC) was established to assist the Board in ensuring the integrity of financial reporting, robust financial risk monitoring, the effectiveness of internal control systems, and strong corporate governance practices within the Group. The BAC also oversees compliance with established policies and procedures and evaluates the suitability, objectivity, and independence of both external and internal audit functions.

In compliance with Paragraph 15.12(1)(h) of the MMLR, the BAC reviews and reports to the Board on any related party transactions and potential or existing conflicts of interest within MHB or its subsidiaries. This includes assessing any transactions, procedures, or courses of conduct that raise concerns regarding management integrity, and the measures taken to address, resolve, or mitigate such issues.

The key functions of the BAC are detailed in the BAC Report, which can be found on pages 186 to 189 of this Integrated Annual Report.

### Risk Management and Internal Control

The Board remains committed to maintaining and continually reviewing its risk management processes and procedures to protect shareholders' investments and safeguard the assets of the Company. This commitment is reinforced through the establishment of the BSRC.

The principal functions of the BSRC are outlined in the BSRC Report on page 190 of this Integrated Annual Report.

Additionally, the Statement on Risk Management and Internal Control provides an overview of the risk management framework and internal controls within the MHB Group. Further details can be found on pages 193 to 204 of this Integrated Annual Report.

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

### Communication with Stakeholders

The Board recognises the critical importance of maintaining effective, transparent, and consistent communication with the Company's stakeholders. As part of its commitment, the Sustainability Framework identifies Stakeholder Engagement as a key pillar of its strategy. Further details on the Company's efforts to engage with stakeholders can be found on pages 46 to 55 of the Sustainability Statement, which is integrated within the Company's Integrated Annual Report.

### Integrated Reporting

In alignment with the MCGG 2021 and with the aim of enhancing the quality of information available to investors, while promoting greater transparency and accountability, MHB has adopted integrated reporting based on a globally recognised framework since 2021. The company published our first fully Integrated Annual Report in 2022, and further enhancements have been incorporated into the Integrated Annual Report 2024.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

### Annual General Meeting

The Annual General Meeting (AGM) serves as the primary platform for dialogue between the Company and our shareholders, providing an opportunity for the Chairman and Board members to engage directly with shareholders. Shareholders are encouraged to attend, participate, speak and vote at the AGM. In recognition of the benefits of virtual meetings, the Company continues to leverage technology to host cost-effective and convenient virtual AGMs, allowing shareholders to participate remotely and vote in absentia. This approach has resulted in a significant increase in shareholder attendance and participation compared to traditional physical AGMs.

To further enhance shareholder engagement and ensure robust cybersecurity during virtual AGMs, the Company has implemented the following measures:-

- Issuance of comprehensive Administrative Notes to guide shareholders
- Enabling electronic submission of proxy forms
- Broadcasting the AGM proceedings via a web portal and mobile application
- Addressing questions raised by the Minority Shareholders Watch Group (MSWG)
- Enabling shareholders to submit questions through the virtual AGM platform or via email

Prior to the AGM proceedings, the MD & CEO presented the business and financial highlights and responded to the shareholders' queries. A compilation of these questions and responses was subsequently published on the Company's corporate website at [www.mhb.com.my](http://www.mhb.com.my).

All Board members attended the 2024 AGM held virtually on 18 April 2024, except for the Chairman, Chairman of BNRC and the MD & CEO who were present at the broadcast venue. The AGM Notice was issued more than 28 days in advance, as recommended by the MCGG 2021 and in compliance with Paragraph 8.29A1 of the MMLR. The Company conducted electronic polling at the AGM, with the results verified by the appointed scrutineers and announced by the Chairman. The minutes of the AGM were published on the Company's corporate website within 30 business days after the meeting.

### Financial Calendar FY2024

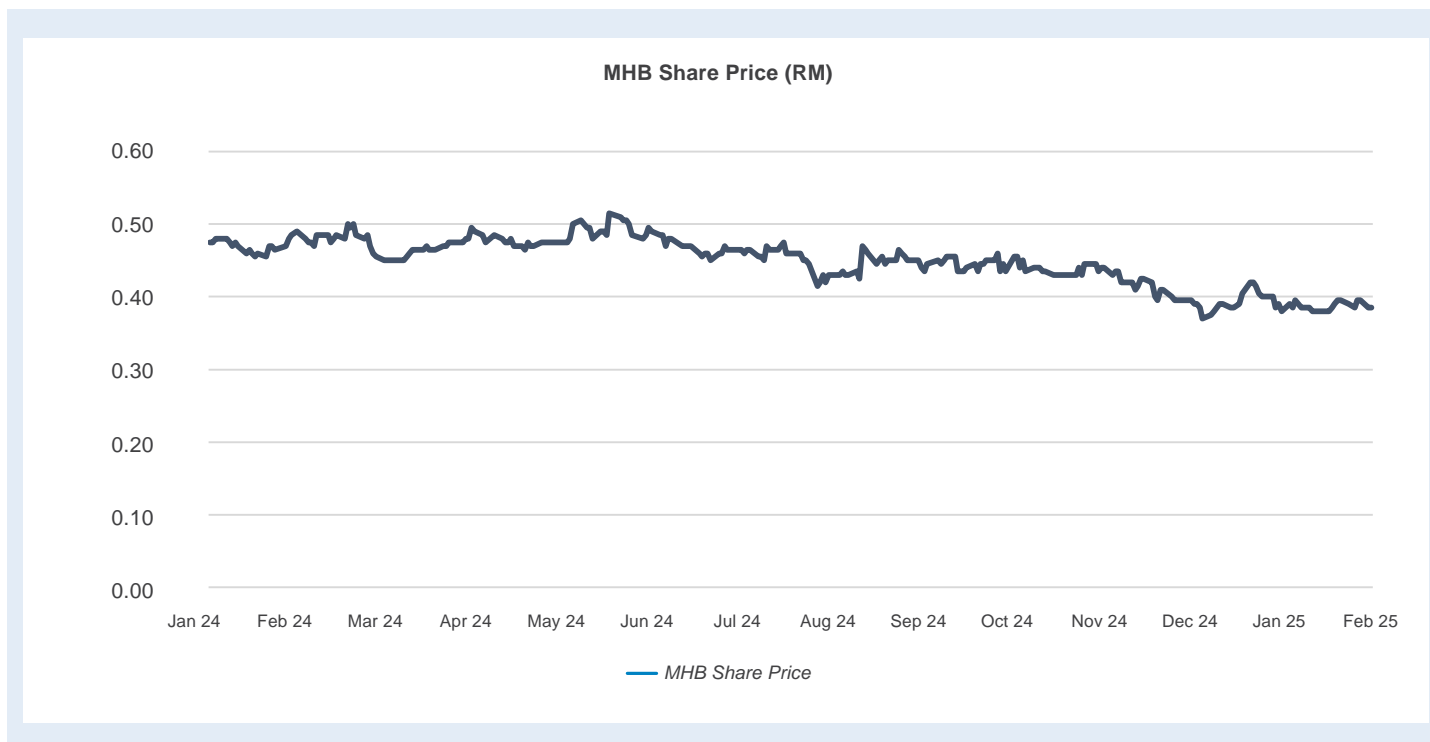
Financial Year 2024		
<b>Q1 FY2024</b> <i>Result Announced</i>	<b>Q2 FY2024</b> <i>Result Announced</i>	<b>Q3 FY2024</b> <i>Result Announced</i>
24 May 2024 (Friday)	21 August 2024 (Wednesday)	13 November 2024 (Wednesday)
Financial Year 2025		
<b>Q4 FY2024</b> <i>Full Year Result Announced</i>		
19 February 2025 (Wednesday)		
<b>Annual General Meeting</b> 17 April 2025 (Thursday)		

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

# BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

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

**Share Price Performance**



**Share Price Performance**

Month (2024)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2025	Feb 2025
<b>Highest Closing Price (RM)</b>	0.49	0.50	0.48	0.50	0.52	0.50	0.48	0.47	0.47	0.46	0.45	0.42	0.42	0.40
<b>Lowest Closing Price (RM)</b>	0.46	0.46	0.45	0.47	0.48	0.45	0.45	0.42	0.44	0.43	0.41	0.37	0.38	0.38
<b>Average Closing Price (RM)</b>	0.47	0.48	0.46	0.48	0.49	0.47	0.46	0.44	0.45	0.44	0.43	0.39	0.40	0.39
<b>Volume Traded ('000)</b>	17,349	23,730	9,653	11,081	30,737	44,947	36,495	25,848	10,152	14,901	5,970	13,688	8,731	1,927

**Statement by the Board**

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 18 February 2025.

**Overview**

The Board Nomination & Remuneration Committee (“BNRC”) plays a pivotal role in overseeing the nomination and remuneration processes for the Board, Board Committees, and key management positions within the Group. The BNRC assists the Board in assessing the requisite mix of skills, experience, core competencies, and other attributes necessary for an effective and high-performing Board. Additionally, the BNRC ensures that human capital development are prioritised at both the Board and Management levels, contributing to the long-term sustainability and success of the Group.

**Terms of Reference (TOR)**

The TOR of the BNRC delineates its authority, duties, and responsibilities, in alignment with the requirements set forth by the MMLR and MCGG 2021. The TOR was revised on 12 November 2024.

The details of the Committee’s responsibilities and duties are outlined in TOR, which is available on the Company’s corporate website at [www.mhb.com.my](http://www.mhb.com.my).

**Composition, Meeting and Attendance**

The BNRC comprises Non-Executive Directors with a majority being independent directors, in compliance with Paragraph 15.08A (1) of the MMLR. This structure aligns with Practice 5.8 of the MCGG 2021, which recommends that the BNRC be chaired by an independent director.

During the year under review, the BNRC convened seven (7) meetings. The attendance record of each BNRC member is detailed as follows:

Member	Designation	Number of Meetings Attended
<b>Wan Yusoff Wan Hamat</b>	Chairman/Independent Non-Executive Director	7 out of 7
<b>Mariah Mohamad Said<sup>1</sup></b>	Independent Non-Executive Director	4 out of 4
<b>Raja Azlan Shah Raja Azwa<sup>2</sup></b>	Non Independent Non-Executive Director	2 out of 2
<b>Gladys Leong<sup>3</sup></b>	Independent Non-Executive Director	3 out of 3
<b>Ausmal Kardin<sup>4</sup></b>	Non Independent Non-Executive Director	5 out of 5

<sup>1</sup> Mariah Mohamad Said was appointed as BNRC member effective 8 May 2024  
<sup>2</sup> Raja Azlan Shah Raja Azwa was appointed as BNRC member effective 24 September 2024  
<sup>3</sup> Gladys Leong retired as Board and BNRC member on 18 April 2024  
<sup>4</sup> Ausmal Kardin retired as Board and BNRC member on 31 August 2024

The profiles of the BNRC members are set out in the Board of Directors’ Profile section of this IAR 2024, on pages 154, 156 and 160.

The BNRC believes that the current BNRC’s membership and composition provide the appropriate balance in terms of skills, knowledge and experience to promote the interests of all stakeholders and to meet the needs of the Group. This includes ensuring the effective nomination, assessment, and appointment of Board and Senior Management members, guiding succession planning, and leadership development. The BNRC is also responsible for fostering a high-performance culture by ensuring that the Group’s leadership team possesses the competencies to address emerging challenges and opportunities while upholding good governance practices.

The Company Secretaries act as Secretary to BNRC meetings. The Managing Director & Chief Executive Officer, Chief Financial Officer and the Chief Operating Officer, sit in attendance at the BNRC meetings. Relevant Management team members are invited to present their proposals and provide further explanations and clarifications on matters raise at the meetings.

# BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

## Summary of the BNRC Activities for FY2024

### Nomination and Election Process

Reviewed and recommended:

- the re-election of retiring Directors at the 35th Annual General Meeting of MHB
- the appointment of Management Committee Members
- the proposed candidates of Nominee Directors of MISC Berhad and PETRONAS as Non-Independent Non-Executive Directors

### Remuneration Matters

Reviewed and recommended:

- the Employee Recognition and Retention Plan
- the FY2024 Merit Increment and FY2023 Performance Reward

### Board & Management Performance Assessment

Reviewed and recommended / approved:

- the findings of Internal Board of Directors Evaluation & Individual Directors' Performance Assessment for Financial Year 2023
- the Board Key Performance Indicators for 2024
- the Internal Board of Directors Evaluation & Individual Directors' Performance Assessment for Financial Year 2024
- the MHB Corporate Scorecard Achievement FY2023
- the Mid-Year Review Scorecard FY2024
- the MHB FY2025 Corporate Scorecard

### Others

Reviewed and recommended:

- the Organisational Design and Structure
- the revision of TOR of the Board Nomination & Remuneration Committee

## Functions of the BNRC and related activities in FY2024

### a) Appointment / Re-election of Directors

The BNRC plays an essential role in overseeing the recruitment, retention, training, and development of both executive and non-executive directors, ensuring effective management of board renewal.

As part of its responsibilities, the BNRC conducts an annual assessment of the Board's composition and skillset. Any gaps identified during this process are addressed, and where new appointments or replacements are necessary, the BNRC will initiate a search for suitable candidates. The BNRC is guided by the Board Charter in addressing the board composition-related matters.

In selecting and assessing candidates for appointment or re-election to the Board, the BNRC adheres to the "fit and proper" policy and in accordance with Paragraph 2.20A of the MMLR. This evaluation considers factors such as character, experience,

integrity, competence, and time commitment. Additionally, the BNRC's TOR outline further selection criteria, including skill, knowledge, expertise, and the ability to effectively discharge the role of a director.

During the year under review, the following appointments to the Board were recommended by the BNRC's for the Board's approval:

Director	Changes	
	Type	Effective Date
<b>Azhar Noordin</b> <i>(Independent Non-Executive Director)</i>	Appointment	8 May 2024
<b>Mariah Mohamad Said</b> <i>(Independent Non-Executive Director)</i>	Appointment	8 May 2024
<b>Shamsul Bahar Ahamad Zainal Badri</b> <i>(Non-Independent Non-Executive Director)</i>	Appointment	8 May 2024
<b>Zahid Osman</b> <i>(Non-Independent Non-Executive Director)</i>	Appointment	19 August 2024

### Re-election of Directors

In line with its TOR, the BNRC is tasked with making recommendations to the Board on the re-election of retiring Directors, ensuring compliance with applicable regulatory requirements.

During the year under review, following a thorough review and recommendation by the BNRC, the Board endorsed the re-election of retiring Directors. At the 35th Annual General Meeting ("AGM") held on 18 April 2024, shareholders approved the following re-elections:

- Rule 21.7 of the Company's Constitution
  - Mohammad Suhaimi Mohd Yasin
- Rule 21.8 of the Company's Constitution
  - Ausmal Kardin

Gladys Leong, who also retired under the Rule 21.8 of the Company's Constitution, did not seek for re-election and thus retired upon conclusion of the 35th AGM.

### b) Onboarding Session

During the year under review, an onboarding session for newly appointed directors was conducted on 10 & 11 July 2024. The primary objective of the session was to facilitate introductions between the Directors and the Management team, and to provide an overview of the Group's business, strategies, and operations.

As part of the onboarding process, new Directors were provided with a Directors' Kit, which included, among other materials, the

# BOARD NOMINATION & REMUNERATION COMMITTEE REPORT

Board Charter and the TOR of the Board Committees. These documents serve as key resources to guide the Directors in understanding best practices in corporate governance and to clearly define the roles, responsibilities, and authority limits of both the Board and its Committees.

To complete the onboarding process, several yard tour sessions were arranged for the new Directors, where Management introduced them to the Project Leaders and key team members who provided overviews of the ongoing projects, their progress, and challenges.

### c) Directors' Training

During the year under review, Directors participated in training programmes organised by MISC, PETRONAS, and external consultants or training providers to enhance their professional development in view to maximise their contributions to the Board. This includes Directors' participation in digital learning or known as e-Learning for specific and targeted compulsory modules set by the organisation.

The training sessions focused on sustainability and related topics, equipping Directors with the knowledge to effectively deliberate and manage key issues pertinent to the Company and our operations.

On the Mandatory Accreditation Programme I (MAP I), all Board members have completed the programme as required by the MMLR. For MAP Part II (MAP II), the newly appointed Director, Azhar Noordin and Mariah Mohamad Said have successfully completed the programme in January 2025 while Shamsul Bahar Ahamad Zainal Badri, Zahid Osman as well as Mohd Nazir Mohd Nor are scheduled to attend MAP Part II within the appropriate timeframe as per MMLR requirement.

A detailed list of the training attended by the Directors can be found in the Corporate Governance Overview Statement, on pages 174 & 175 of the Integrated Annual Report.

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

The BEE for financial year 2024 (BEE 2024) was carried out internally by the BNRC, facilitated by the Company Secretaries. The evaluation process was carried out via online questionnaires and were circulated to all directors for completion. The assessment included reviews on the Board's required mix of skills, experience, and participation in Board deliberations among others.

The BEE 2024 results indicate that the Board, its Committees, and individual Directors have performed satisfactorily, demonstrating their fulfilment of responsibilities and commitments.

### e) Appointment of Senior Management

The BNRC reviewed and made recommendations on Key Senior Management positions to ensure effective succession planning within the Group. During the year under review, the Board approved the BNRC's recommendations on the appointment of Management Committee members.

### f) Directors' Remuneration

The Company's remuneration policy for its Board members aligns with the PETRONAS Public Listed Companies Non-Executive Directors' Guidelines and Remuneration Package. The fees and allowances for Non-Executive Directors (NEDs) are subject to shareholder approval.

A detailed breakdown of the Directors' remuneration paid during the year under review is disclosed in the Corporate Governance Overview Statement on pages 178 to 179 of this Integrated Annual Report.

### g) Senior Management's Remuneration

The remuneration package for Senior Management is benchmarked against industry standards and the Company's peers to ensure competitiveness. Senior Management remuneration is reviewed during their respective contract renewal exercises to maintain market alignment and support employee retention.

### h) Company and MD & CEO's Performance Appraisal

The performance appraisal covered distinct dimensions, with specific ratings assigned to key areas such as Health, Safety, Security & Environment (HSSE), Financial Performance, Operational Excellence, Strategic Initiatives, People Development & Culture, and Sustainability KPIs aligned with the Group's aspirations.

### Statement by the Board

This Board Nomination & Remuneration Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 18 February 2025.

### WAN YUSOFF WAN HAMAT

Chairman

Board Nomination & Remuneration Committee

# BOARD AUDIT COMMITTEE REPORT

## Overview

The Board Audit Committee (BAC) operates in accordance with its Terms of Reference in ensuring robust financial risk monitoring, effective internal controls and strong corporate governance practices to provide the Board with adequate assurance.

## Terms of Reference (TOR)

The TOR of the BAC delineates its authority, duties and responsibilities, in alignment with the requirements set forth by the MMLR and MCGG 2021. The TOR was revised on 12 November 2024.

The details of the BAC's responsibilities and duties are outlined in the TOR, which is available on the Company's corporate website at [www.mhb.com.my](http://www.mhb.com.my).

## Composition, Meeting and Attendance

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.

The BAC was previously chaired by Gladys Leong until her retirement as a Board member on 18 April 2024. Subsequently, Mariah Mohamad Said, an Independent Non-Executive Director, was appointed as the Chairperson of the BAC effective 8 May 2024. Mariah Mohamad Said, the present Chairperson of the BAC is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Institute of Management Accountants (CIMA), UK, fulfilling the requirement under Paragraph 15.09(1)(c) of the MMLR, which mandates that at least one (1) member of the BAC must be a qualified accountant.

During the year under review, the BAC convened six (6) meetings. The attendance record of each BAC member is detailed as follows:

Member	Designation	No. of Meetings Attended
Mariah Mohamad Said <sup>1</sup>	Chairperson / Independent Non-Executive Director	3 out of 3
Keith Taylor	Independent Non-Executive Director	6 out of 6
Shamsul Bahar Ahamad Zainal Badri <sup>2</sup>	Non-Independent Non-Executive Director	1 out of 1
Gladys Leong <sup>3</sup>	Independent Non-Executive Director	3 out of 3
Ausmal Kardin <sup>4</sup>	Non-Independent Non-Executive Director	5 out of 5

Note:

<sup>1</sup> Mariah Mohamad Said was appointed as Chairperson of the BAC effective 8 May 2024

<sup>2</sup> Shamsul Bahar Ahamad Zainal Badri was appointed as a BAC member effective 24 September 2024

<sup>3</sup> Gladys Leong retired as a Board member and BAC Chairperson on 18 April 2024

<sup>4</sup> Ausmal Kardin retired as a Board and BAC member on 31 August 2024

# BOARD AUDIT COMMITTEE REPORT

The profiles of the BAC members are set out in the Board of Directors' Profile section of this IAR 2024, on page 155 & 158.

The BAC believes that its current membership and composition encompass a diverse range of skills necessary to effectively discharge its duties. The BAC is responsible for overseeing the financial reporting process, ensuring the integrity and accuracy of the Company's financial statements. The BAC also monitors the performance, independence, and effectiveness of external auditor, reviews internal controls, ensures compliance with relevant laws and regulations, providing an independent channel for financial governance and safeguarding the interests of shareholders. In addition, the BAC reviewed potential conflict of interest situations of all Board members and Key Senior Management and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the MMLR.

The Company Secretaries act as Secretary to BAC meetings. The Managing Director & Chief Executive Officer, the Chief Financial Officer, and the Chief Internal Auditor, sit in attendance at the BAC meetings. Relevant Management team members are invited to present their proposals and provide further explanation and clarification on matters raised at the meetings.

## Summary of the BAC Activities for FY2024

### a) Financial Reporting and Performance Oversight

- Reviewed the 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 the same for the Board's approval
- 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 judgements made by Management and significant matters highlighted by the external auditors on accounting and auditing matters
- Reviewed the Pillar Two income tax assessment using available financial statements for Group entities, applying OECD requirements. As of 31 December 2024, the Group identified potential exposure where the effective tax rate is likely to be lower than 15%. However, there is no exposure for the Group in the relevant jurisdiction

### b. Internal Audit Process

- 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 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 for GIA to carry out audit exercises
- Conducted private sessions between the BAC Chairperson with the 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 the experience and technical knowledge of internal auditors, the objectivity of GIA, the quality of audit findings and recommendations made on corrective actions, the 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
- Reviewed the progress updates on the GIA's Global Internal Auditing Standards Gap Assessment due to a change in Internal Audit Professional Standards to ensure conformance with the required standards

### c. External Audit Process

- 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 during the year, without the presence of Management, ensuring no restrictions on the scope of their audit and discussing any matters that they may wish to present
- Discussed the external audit fees and non-audit fees proposed with respect to the scope of work required for the financial year and recommended the same for approval by the Board
- Reviewed the annual assessment of the external auditors with respect to their statutory audit services as the external auditor for the financial year 2023. Based on the assessment, the BAC was satisfied with the services rendered by the external auditors and recommended their re-appointment for the financial year 2024 for shareholders' approval at the Company's Annual General Meeting

### d. Related Party Transactions

- Reviewed the related party transaction and recurrent related party transactions entered into by the Group on a quarterly basis and ensured all transactions were carried out on an arm's length basis

## BOARD AUDIT COMMITTEE REPORT

### e. Conflict of Interest

- Reviewed potential conflict of interest situations of all Board members on a quarterly basis, including for the appointment and re-election of Directors, that may arise, and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the amended MMLR effective in May 2023
- Following this amendment, the Directors, Key Senior Management, and Legal Representatives (Key Persons) were required to make necessary declarations and inform the Company immediately if and when they become aware of any conflict of interest or potential conflict of interest situations and excuse themselves from the relevant deliberations and decisions where such conflict may be present
- Based on an internal review of conflicts of interest, certain Key Persons have potential conflicts of interest with MHB and its subsidiaries. These potential conflicts arise from their directorships or positions within the PETRONAS Group, including the subsidiaries and / or associated companies, their roles as directors or officers in MISC Berhad and its Group of companies, or their shareholdings within the PETRONAS and / or MISC Group of companies
- In managing COI or potential COI situations within the MHB Group, the BAC reviewed the COI or potential COI disclosures and ensured that the mitigation plans were sufficient to resolve, eliminate, or mitigate such conflicts while confirming that COI disclosures were in line with MMLR requirements. Furthermore, Key Persons are constantly reminded of their fiduciary duties towards the Company

### f. Governance

- Reviewed the Quarterly Update on Whistleblowing cases summary from the Compliance Unit
- Reviewed and recommended the revision to the Terms of Reference of the Board Audit Committee for the Board's approval
- Reviewed and recommended the following statements / reports for inclusion in the Integrated Annual Report for the Board's approval:-
  - Corporate Governance Report for FY2023
  - Corporate Governance Overview Statement
  - Board Audit Committee Report
  - Statement on Risk Management and Internal Control

### Internal Audit Functions and Activities

The BAC is supported by the MHB Group Internal Audit 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 Chief Internal Auditor, 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 Chief Internal Auditor is supported by a team of sixteen (16) personnel, all of whom are free from any relationship or conflicts of interest that could compromise their objectivity or independence.

In executing 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 issued by the Committee of Sponsoring Organisations of the Treadway Commission. The internal audit activities are further governed by the MHB Internal Audit Charter and GIA's established procedures and guidelines.

In conducting their independent audits, GIA employs a risk-based auditing approach which forms an integral part of the audit plans. This approach ensures disciplined execution of the audit plans, submission of audit findings, and implementation of Agreed Corrective Actions outlined in the audit reports. Such regular monitoring is essential to ensure the integrity and effectiveness of the Group's system of internal control.

Audit findings and recommendations are presented to the MD & CEO during the 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 BAC Chairperson highlights key audit issues and overall decisions made during the BAC meetings to the Board members.

An annual assessment of GIA's performance and independence is conducted by the BAC to ensure its continued effectiveness.

During the year under review, GIA conducted twelve (12) audits in accordance with the approved internal audit plan. These audits covered areas of health, safety & environmental management, project management, supply chain management and business support activities. In addition to the audit, GIA also conducted special review as requested by the BAC, from time to time.

Additionally, the Investigation Unit of GIA investigated matters arising from the whistleblowing and internal audit reviews. The findings 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 RM2.43 million.

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

The Company has established Guidelines on Related Party Transactions and Recurrent Related Party Transactions for MHB Group. These guidelines and procedures ensure that such transactions are conducted on normal commercial terms and at arm's length, and in a manner that is not detrimental to the Company's minority shareholders.

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

During the year under review, the BAC performed quarterly reviews of all RRPTs entered into by the Group to ensure compliance with MHB's Guidelines on RPTs and RRPTs for the MHB Group. The BAC is of the view that RRPTs were entered into on normal commercial terms, at an arm's length basis and not detrimental to the Company's minority shareholders.

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

Nature of Transaction	Related Party	Related Party
a) Revenue - Provision of oil & gas engineering and construction	<ul style="list-style-type: none"> <li>PETRONAS Carigali Sdn Bhd</li> <li>Carigali-PTTEPI Operating Co. Sdn Bhd</li> </ul>	PETRONAS <sup>1</sup>
b) Provision of services for repairs, conversion of vessels and dry docking	<ul style="list-style-type: none"> <li>MISC Berhad</li> <li>MISC Marine Services Pte Ltd</li> <li>MISC Offshore Floating Terminals (L) Ltd</li> <li>Eaglestar Shipmanagement (L) Pte Ltd</li> <li>Petronas Floating LNG2 (L) Ltd</li> <li>Malaysian Refining Company Sdn Bhd</li> <li>Idemitsu SM (Malaysia) Sdn Bhd</li> </ul>	MISC <sup>2</sup> PETRONAS <sup>1</sup>
c) Purchase of oil products from PETRONAS Group	<ul style="list-style-type: none"> <li>PETRONAS Dagangan Berhad</li> <li>PETRONAS Smartpay Centre Sdn Bhd</li> <li>PETRONAS Lubricants Marketing (Malaysia) Sdn Bhd</li> </ul>	PETRONAS <sup>1</sup>
d) Provision of services / sale of equipment & materials	<ul style="list-style-type: none"> <li>PETRONAS</li> <li>Gentari Renewables Sdn Bhd</li> <li>PETRONAS Technical Training Sdn Bhd</li> <li>Industrial Gases Solution Sdn Bhd</li> <li>MISC Berhad</li> <li>Malaysia Maritime Academy Sdn Bhd</li> </ul>	MISC <sup>2</sup> PETRONAS <sup>1</sup>

<sup>1</sup> PETRONAS is a major shareholder of the Company, being the holding company of MISC

<sup>2</sup> MISC is a major shareholder of the Company

### Statement by the Board

This Board Audit Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 18 February 2025.

### MARIAH MOHAMAD SAID

Chairperson

Board Audit Committee

# BOARD SUSTAINABILITY & RISK COMMITTEE REPORT

# BOARD SUSTAINABILITY & RISK COMMITTEE REPORT

## Overview

The Board Sustainability & Risk Committee (BSRC) supports the Board in overseeing MHB's risk management framework, policies, and practices, as well as the Company's sustainability agenda, including Environmental, Social, and Governance (ESG) matters. The BSRC also reviews and evaluates major bids and corporate proposals to ensure that the interests of the Group are safeguarded by assessing risks exposure throughout the bidding and negotiation processes.

## Terms of Reference (TOR)

The TOR of the BSRC outlines its authority, duties, and responsibilities, aligning with the best practices set forth in the MCCG 2021. The TOR was revised on 12 November 2024.

The details of the Committee's responsibilities and duties are outlined in its TOR which is available on the Company's corporate website at [www.mhb.com.my](http://www.mhb.com.my).

## Composition, Meeting and Attendance

The BSRC comprises Non-Executive Directors with a majority being independent directors. The membership and composition of the BSRC comply with the requirements of the Committee's TOR with regard to size, independence and skills.

During the year under review, the BSRC convened eight (8) meetings. The attendance record of each BSRC member is detailed as follows:

Member	Designation	Meeting Attended
Keith Taylor	Chairperson / Independent Non-Executive Director	8 out of 8
Wan Yusoff Wan Hamat	Independent Non-Executive Director	8 out of 8
Raja Azlan Shah Raja Azwa	Non-Independent Non-Executive Director	7 out of 8
Azhar Noordin <sup>1</sup>	Independent Non-Executive Director	4 out of 4

<sup>1</sup> Azhar Noordin was appointed as BSRC member effective 8 May 2024

The profiles of the BSRC members are set out in the Board of Directors' Profiles section of this IAR 2024, on pages 154, 155, 157, and 160.

The BSRC is confident that the current membership and composition strike the right balance of skills, knowledge, and experience to effectively safeguard the interests of all shareholders and address the diverse needs of the Group. These include ensuring robust oversight of sustainability initiatives, fostering sound risk management practices, driving long-term value creation, and aligning the Group's strategic objectives with economic, environmental, and social considerations. The BSRC's collective expertise enables it to address complex challenges, support informed decision-making, and maintain the Group's commitment to good governance and sustainable growth.

The Company Secretaries act as Secretary to BSRC meetings. The Managing Director & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Chief Strategy & Sustainability Officer sit in attendance at the BSRC meetings. Relevant Management Committee are invited to present their proposals and provide further explanations and clarifications on matters raised at the meetings.

## Summary of the BSRC Activities for FY2024

### a) Sustainability

The BSRC provides oversight on MHB's sustainability-related matters. The BSRC 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.

During the year under review, the BSRC had endorsed and recommended to the Board, MHB's Sustainability initiatives based on the strategic priorities incorporated in the MHB Sustainability Framework. The BSRC provided an oversight on MHB's emissions intensity reduction progress against the target for 2024 with a mid-term target of up to 2030. It is to ensure MHB is on track to achieve its target based on the decarbonisation initiatives planned and implemented. The BSRC has also provided oversight to MHB's Scope 3 initiatives, particularly in engaging vendors to support MHB's sustainability journey.

In 2024, the BSRC had endorsed the Modern Slavery Statement for the Board's approval. The statement reflects MHB's commitment to acting ethically and with integrity in all business relationships and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere within MHB activities.

The BSRC also endorsed the outcome of the materiality assessment for 2024. This assessment helps in identifying the sustainability matters that have the most significant impact on the Company's objectives. It ensures that the Company focuses on addressing the issues that are most relevant to its internal and external stakeholders, thereby aligning its strategies with stakeholder priorities and enhancing its overall sustainability performance.

Elements of the Sustainability Framework have been integrated into the Board's KPIs and the Company's Balanced Scorecard to ensure the effective and meaningful implementation of sustainability and ESG principles. This alignment reinforces the Company's commitment to embedding sustainability into its strategic objectives, driving accountability, and delivering long-term value for all stakeholders.

### b) Enterprise Risk Management

Matters pertaining to risk management fall within the scope of BSRC. The BSRC acted as a sounding board to the Board of Directors and conducted a deep dive and challenged Management on risk matters. The BSRC reviewed, evaluated and made appropriate recommendations to the Board on the following matters:

- (i) Adequacy and effectiveness of MHB's Risk Management Framework and the ongoing activities in managing risk including identifying, evaluating, monitoring, mitigating risks and reports on key strategic risks as well as project risks;
- (ii) Provide oversight, review and approve MHB's risk profile that reflects the strategic objectives, assess emerging risks, and ensure that key risks are identified, mitigated, and managed in alignment with the Company's risk appetite and strategic priorities;
- (iii) Review and provide recommendations on bid proposal and related decisions for high value projects in accordance with the MHB Group Limits of Authority (LOA) before submission to clients or escalation to the Board of Directors for further deliberation;
- (iv) Provide oversight, review and approve Risk Assessments in Decision-Making (RADM) conducted by Risk Management Department on business proposals and new initiatives;
- (v) Review sustainability-related risks and the potential impacts of climate change on the business, operations and services. BSRC will oversee and deliberate on the identified sustainability-related risk and progress of their respective mitigation plans on quarterly basis; and
- (vi) Any other matters delegated by the Board.

# BOARD SUSTAINABILITY & RISK COMMITTEE REPORT

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## c) Project Risk Management

Ongoing monitoring of projects' key challenges is carried out by the BSRC throughout projects lifecycle, to ensure better identification and mitigation of project risks. The BSRC reviewed, evaluated and made appropriate recommendations on the following matters:

- (i) Project Risk Report
  - Quarterly review of Project Risk Report for ongoing monitoring and updates on projects risk exposure.
- (ii) Schedule Risk Analysis for the key project
  - Evaluate the likelihood of projects meeting their milestone dates based on the Schedule Risk Analysis (SRA) which quantifies the probable impact of specific key challenges towards meeting project schedule.
- (iii) Material Prices and Impact on the ongoing project
  - Provide oversight by reviewing and evaluating MHB's procurement strategy for new bids and ongoing projects to assess overall risk exposure, including the impact of material price volatility.

In 2023, OPDC shifted its focus to enhancing project execution to ensure timely delivery and project profitability. Five core elements were prioritised under Project Execution OPDC, which is the establishment of a Project Management System, Project Delivery Framework, Assurance Review Process & Procedure, Project Management Dashboard, and Training & Development.

Key achievements of the OPDC for Heavy Engineering segment included the successful completion of the Project Management Dashboard, implementation of the Heavy Engineering Operations (HEO) Project Management Office (PMO) organisation, and establishment of a knowledge repository system.

The OPDC initiative concluded in August 2024, marking the successful completion of all planned initiatives in Heavy Engineering segment.

### Statement by the Board

This Board Sustainability & Risk Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 18 February 2025.

**KEITH TAYLOR**  
*Chairman*  
 Board Sustainability & Risk Committee

## d) Bids Submissions

The BSRC 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 BSRC'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 LOA, the BSRC had reviewed and recommended bid proposals for several high-value projects. The BSRC's recommendations were based on thorough risk assessments conducted by management, which identified mitigating factors and applied lessons learned.

## e) Overcoming Project Delivery Challenges (OPDC)

Launched in 2022, the OPDC initiative initially addressed challenges within the Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC) processes in the Heavy Engineering segment, focusing on addressing gaps in Platform, Process, and People (3P). Over the past year, the OPDC initiative successfully tackled critical areas such as the company's Bidding Process, Vendor Management Digitalisation, and Front-End Engineering Design (FEED) Verification Process.

## MHB HAS A STRUCTURED RISK MANAGEMENT FRAMEWORK AND STRONG INTERNAL CONTROL SYSTEMS IN PLACE TO ENSURE 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 FY2024 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 the MHB Board Sustainability and Risk Committee (BSRC) and Board Audit Committee (BAC) to oversee the risk management and internal control systems during FY2024.

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 Group. 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	
<b>MHB BOARD OF DIRECTORS ("Board")</b> Responsible for the overall effective oversight of MHB's risk management system and activities.	
<b>BOARD COMMITTEE LEVEL</b>	MHB BOARD SUSTAINABILITY & RISK COMMITTEE (BSRC) <ul style="list-style-type: none"> <li>• Provide guidance and oversight on MHB's risk management activities</li> <li>• Conduct a review and endorse MHB's risk profile</li> <li>• Deliberate risk assessment for high impact business matters</li> </ul>
<b>MANAGEMENT LEVEL</b>	MHB RISK COUNCIL (RC) <ul style="list-style-type: none"> <li>• Provides a reasonable level of assurance to the BSRC that the Group's risks are being managed appropriately</li> <li>• Ensure the implementation and effectiveness of MHB's risk management practices</li> </ul>
<b>CUSTODIAN LEVEL</b>	RISK MANAGEMENT DEPARTMENT (RMD) <ul style="list-style-type: none"> <li>• Act as RC Secretariat</li> <li>• Review and monitor strategic risks, risk profile and related risk register that may affect the Group on quarterly basis</li> <li>• Custodian of Risk Policy, ERM Framework, and Guidelines</li> </ul>
<b>OPERATIONAL LEVEL</b>	RISK OWNER (RO) <ul style="list-style-type: none"> <li>• Implement risk management processes at respective units</li> </ul>

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

# 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 three Lines of Defence Model that distinguishes the three groups that are involved in effective risk management.



## RISK POLICY

The MHB Risk Policy reflects our commitment to fostering a risk-resilient organisation with robust risk culture and ownership. It sets the framework for effective risk management, implement best practices and incorporate risk-based decision-making to protect and create value throughout the organisation. The Policy has been adopted and communicated across the Group as follows:

1. MHB is committed to become a risk resilient organisation.
2. 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.
3. Managing risk is everyone's responsibility.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Risk Management and Resiliency

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

ERM

**Enterprise Risk Management**

ERM is a structured and holistic approach to identify, assess, treat and monitor risks. The aim is to REDUCE the likelihood and impact of all identified risks to enhance the organisation's ability to achieve our strategic objectives.

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CM

**Crisis Management**

CM is a comprehensive set of processes that aims to prepare the organisation to RESPOND and manage crises in risk areas to protect and safeguard people, the environment, assets and reputation.

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BCM

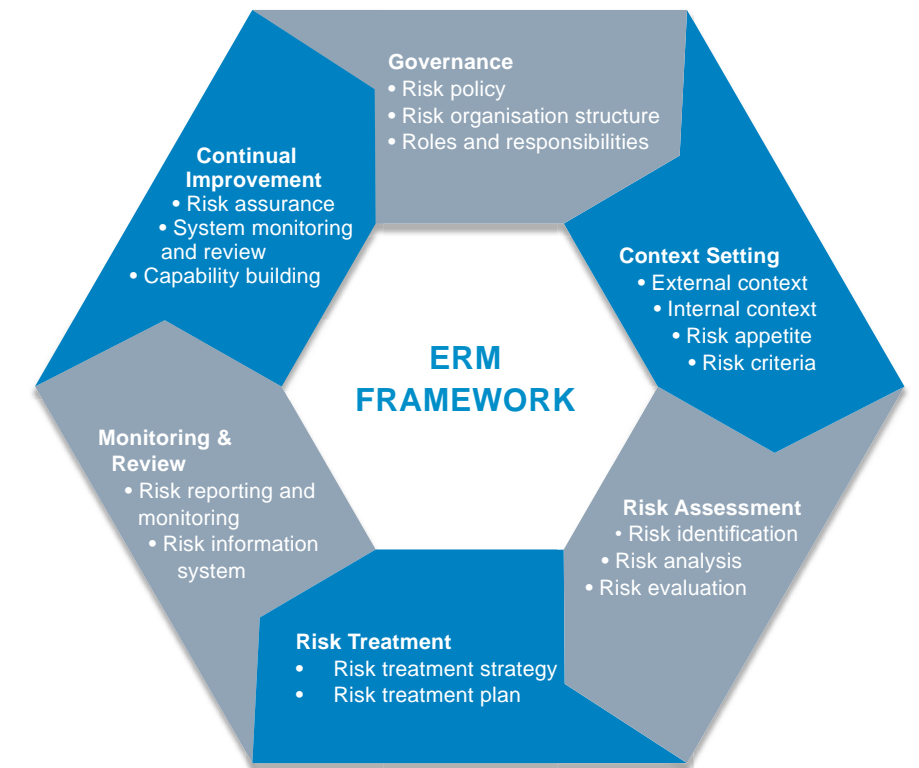
**Business Continuity Management**

BCM is a holistic management process that aims to build the capability of an organisation to RECOVER and continue delivery of products or services at acceptable predefined levels following a prolonged disruptive incident.

## ENTERPRISE RISK MANAGEMENT

### RISK MANAGEMENT FRAMEWORK

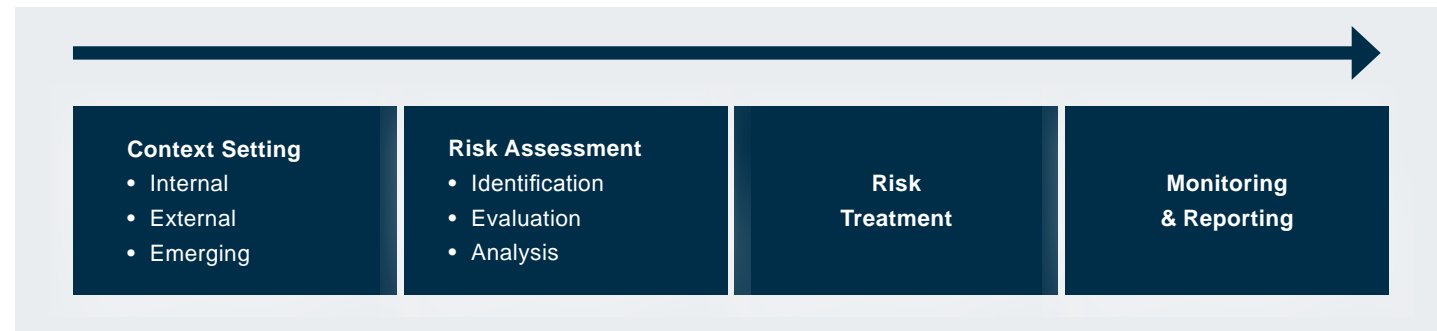
MHB's risk management practices are guided by the MHB Enterprise Risk Management Framework and the MHB Enterprise Risk Management Guideline, which adopt and adapt from the MISC Enterprise Risk Management Framework and the MISC Enterprise Risk Management Process Manual, respectively. These frameworks ensure risks are identified, evaluated, treated and managed across MHB. Our Framework and relevant guidelines are also aligned with the principles and guidelines of ISO 31000:2018.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## CORPORATE RISK PROFILE

Our Corporate Risk Profile (CRP) is developed and reviewed annually in accordance with the Enterprise Risk Management Framework (ERMF) to identify critical and emerging risks that could impact MHB's business objectives.



The CRP encompasses strategic, financial, operational and sustainability risks, with assessments conducted at departmental and subsidiary levels before being consolidated and reviewed at the Group level for a holistic and comprehensive strategic overview. Each risk has a dedicated owner responsible for the implementation of control measures, monitoring and tracking of key risk indicators (KRIs).

The status of the MHB CRP, including KRIs and mitigation plans, is reviewed quarterly by the MHB Risk Council (RC) and the Board Sustainability & Risk Committee (BSRC), ensuring timely actions and effective risk management to support the Group's initiatives and business objectives.

## RISK ASSESSMENT IN DECISION-MAKING

Board decision papers will include a risk assessment to ensure that decision-makers are fully informed and consider the level of risk the company is willing to accept, while implementing the necessary controls to achieve the desired business objectives.

## PROJECT RISK ASSESSMENT

Project risk management is governed by the Project Risk Management Guidelines. Risks are assessed at various stages of the project lifecycle to help project owners effectively manage and report risks. The pre-award project risk assessment includes several stages:

1. **PRA1** – An initial assessment of the project's viability.
2. **PRA2A** – A high-level assessment based on the project's potential.
3. **PRA2B** – A detailed risk assessment based on the project's Invitation To Tender (ITT) to identify and manage anticipated risks during execution.

The post-award project risk assessment includes:

4. **PRA3** – A detailed risk assessment to support project readiness during Engineering, Procurement and Construction (EPC) execution.
5. **PRA4** – A further detailed risk assessment that continues through project completion, loadout and any offshore campaign (if applicable).

Schedule Risk Assessment (SRA) is conducted during both pre- and post-award stages, incorporating the potential risk events and the probable impact of key challenges to evaluate the likelihood of projects meeting their milestone. Furthermore, the Project Lessons Learned (PLL) assessment is conducted to ensure continuous improvement on the overall planning, decision-making and performance of future projects.

These assessments are designed to effectively manage risks throughout the project lifecycle.

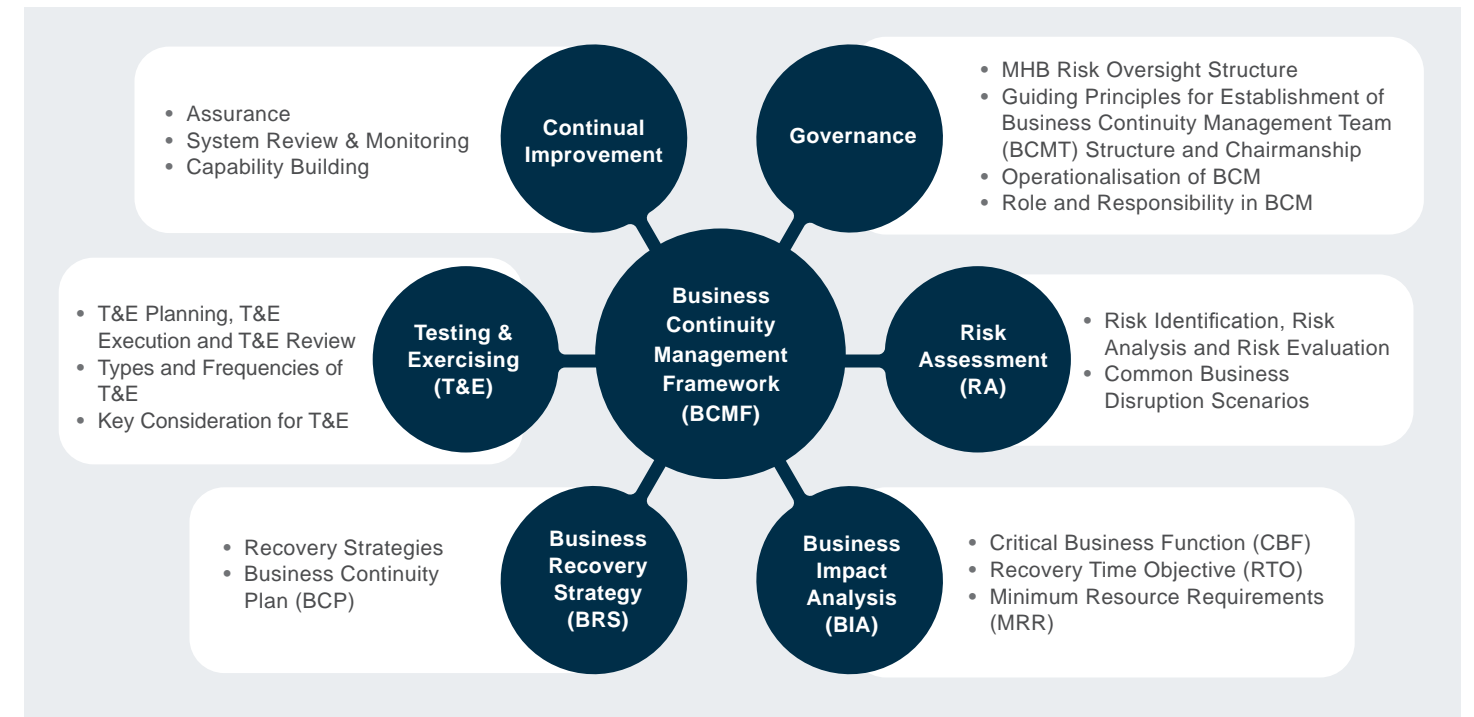
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## CRISIS MANAGEMENT

Crisis Management is a holistic and structured approach aimed at strengthening MHB Group's capability to anticipate, prepare, respond and manage crisis across all risk dimensions, namely: People, Environment, Asset, Reputation, Financial and Systems (PEARFS). MHB Crisis Management Plan (CMP) has been established to integrate the response plans in managing emergency and crises from various risk exposures. The CMP defines the structure, roles, responsibilities, thresholds and processes to be used in the preparation and execution of a crisis response across MHB.

## BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) is a structured process for developing and implementing strategies to ensure a business can maintain essential functions during and after disruptions, safeguarding resilience and minimising downtime. To support this, MHB Business Continuity Plan (BCP) aligns with the MISC Business Continuity Management Framework (BCMF) which establishes clear expectations for consistent BCM practices across MHB Group. The BCMF provides a systematic approach and standardised practices for managing extended disruptions, ensuring the uninterrupted operation of MHB's business activities as illustrated in the diagram below:



Risks associated with Business Continuity Management (BCM) and potential business disruption scenarios are identified for evaluation to develop an effective and tailored business continuity plan.

The Business Impact Analysis (BIA), which identifies the CBFs and essential resources during extended disruptions, has been established and reviewed annually. This provides a thorough understanding of the recovery time objective and minimum resources required to resume business operations.

MHB Business Continuity Plan (BCP) is developed to provide clear guidance and comprehensive recovery strategies, ensuring the effective resumption of business operations during prolonged disruptions. The mitigation measures are structured to be adaptable to various disruption scenarios.

The whole process ensures a thorough risk assessment, analysis and mitigations are aligned with any organisational changes that might occur as a result from extended disruption.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### SUSTAINABILITY & CLIMATE-RELATED RISK

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

Sustainability and climate-related risks are managed in the same way as other business risks; they are embedded into MHB's overall risk management system. These risks are continually identified during the annual risk profiling workshop to align them with MHB's strategic direction. On a quarterly basis, the BSRC will oversee and deliberate on the identified risks and progress of their respective mitigation plans. By addressing these risks, MHB will 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 86 to 152 of the Integrated Annual Report and the Climate-Related Financial Risks and Opportunities section which can be found on pages 96 to 106 of the Sustainability Statement.

### KEY PROCESSES OF GROUP 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. The BAC was led by two (2) chairpersons during FY2024, namely Gladys Leong, the Senior Independent Non-Executive Director who served the BAC up to her retirement on 18 April 2024 and subsequently, Mariah Mohamad Said, the Independent Non-Executive Director, who took the helm effective from 8 May 2024. The BAC 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. The BAC also reviewed potential conflict of interest situations of all Board members on a quarterly basis and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the amendment of the MMLR effective in May 2023.
2. MHB Group Internal Audit (GIA) Division, which functionally reports directly to the 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 the BAC. The 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 a quarterly basis.

In addition, the 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 the 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 for ensuring various project-related risks were identified, evaluated and mitigated during the bidding stage by all stakeholders. The risk assessment activities included a review of the detailed 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 deliberate on the proposed 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 that the value of the bid is above a certain threshold, the bid proposal is escalated to the BSRC and thereafter to the Board.
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.

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 strategic, commercial and operational papers which are to be tabled at the Board 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 163 to 167 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

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 MHB 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
- 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
- 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

8. Security Department provides effective security control measures and enforces their implementation based on clear policies, procedures and frameworks, aiming to comply with and continuously monitor adherence to established local regulatory compliance 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, sustainability and regulatory matters. Financial performance is deliberated at the MC and tabled to the BAC and Board on a 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 six years up to 2030 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 six years and presented to the Board for deliberation and approval. Key Performance Indicators, including financial targets are reviewed by the BNRC and the Board on a half-yearly basis.
4. Project Management Review Committee (PMRC) was 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 cost report and monthly evolution of the project budget as well as recommends the control measures to ensure any foreseen schedule and cost overruns 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.

In addition to the PMR, Project Management Meetings have also been carried out 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 in 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 the 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 with key internal controls for the areas of the business for which he / she is accountable.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To ensure the integrity of financial risk management, the Corporate Finance and Financial Risk Management Unit under the Finance Division continues to monitor and ensure effective and robust execution of financial risk management through the implementation of the MHB Financial Policy (the Policy), which was rolled out 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
  - 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 a quarterly basis, to ensure that they are observed and complied with 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 quarter, 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.
  9. There is a clear procedure for investment appraisal for equity investment, divestment or major Capital Expenditure (CAPEX) / investments. For major CAPEX / investments, a specific review will be conducted by the Technical Review Committee (TRC), chaired by the Chief Operating Officer (COO) to deliberate the technical aspects and risks whilst the commercial feasibility of the CAPEX / investment will be deliberated by the Management during the Management Committee (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 (AA) in his statutory and fiduciary responsibilities, in deciding the Overall Contracting Strategies (OCS) for new projects, strategic procurement contracts, capital expenditure and variation orders exceeding certain thresholds. The CAC ensures that procurement costs align with the project budget under the OCS framework, and are conducted in compliance with the internal policies. The contracting strategy and contractual requirements are implemented effectively, transparently, and fairly, ensuring the best interests of the Company, value-for-money and optimal deals before engaging in actual procurement activities.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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 (EDC), chaired by the Chief Human Resource Officer (CHRO).

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 to prepare the identified successor to assume critical positions as and when opportunities for advancement emerge. The MDC conducts a unique talent evaluation session bi-annually to continuously assess and gauge the identified talents' suitability and readiness for the position. Employees are 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 a 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 discussions 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. The Whistleblowing Committee (WBC) plays a vital role in supporting the Group's governance and internal control framework by overseeing the Anti-Bribery and Corruption (ABC) policy and Whistleblowing mechanism. Chaired by the CFO, the WBC comprises selected members of the MC with relevant expertise. The WBC deliberates on integrity and compliance issues, including whistleblowing cases reported through the Whistleblowing Secretariat or other channels, ensuring that such matters are addressed appropriately and in alignment with the Group's policies. It also oversees the implementation of the ABC Policy to ensure compliance with regulatory requirements, legislation and adherence to the COBE and ABC Manual. Recommendations from the WBC are presented to the BAC, the Governing body which is responsible for the Group's Anti-Bribery Management System (ABMS) initiatives, thereby reinforcing governance and internal controls. Whistleblowing complaints against a member of Senior Management bypass the WBC and are directly escalated to the BAC to ensure independent and unbiased investigations.
13. The MHB Information Technology Steering Committee (ITSC) ensures that the IT strategic plan aligns with the organisation's business strategy. The ITSC ensures the alignment of all IT initiatives across the organisation, reviews major IT projects, prioritises IT activities, and recommends significant IT investments. It also evaluates and endorses major IT initiatives and IT strategic plans for approval. Chaired by the CFO, the committee includes selected MHB Management and meets quarterly or as needed.

In response to increasing cybersecurity threats, MHB has identified this as a key emerging risk and implemented necessary mitigation actions and controls. These include comprehensive programmes covering user awareness, cybersecurity management processes, and upgrading technologies. MHB ICT has successfully achieved ISO/IEC 27001:2022 certification and implemented the Information Security Management System (ISMS). MHB ICT has been designated as the custodian to ensure effective implementation, with progress tracked and reported through regular ITSC and MC meetings.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 while complying with CoBE and all applicable local and international laws and regulations. The Corporate Sustainability Unit, in collaboration with the Legal, Corporate Secretarial and Compliance Division, Supply Chain Management, Corporate Health, Safety, Security and Environment and other relevant functions are responsible to identify and address any Human Rights issues and their impacts to the Group's operations by carrying out risk assessments and due diligence, developing relevant policies as well as proposing remedial actions to mitigate any identified risks.

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, the placement of management staff as key employees of the joint ventures, and regular review of management accounts and inquiries thereon. These measures 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 for escalating 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 this statement, are 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, Messrs Ernst & Young, have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2024, 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 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 18 February 2025.

## 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 2024, 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.

## 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.

### CORPORATE PROPOSALS

There were no corporate proposals during the financial year ended 31 December 2024.

### 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 2024 amounted to RM385,000 and RM21,800, 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 2024 amounted to RM79,400 and RM29,200, respectively.

# AUDITED FINANCIAL STATEMENTS

208	<b>DIRECTORS' REPORT</b>
213	<b>STATEMENT BY DIRECTORS</b>
213	<b>STATUTORY DECLARATION</b>
214	<b>INDEPENDENT AUDITORS' REPORT</b>
219	<b>STATEMENTS OF COMPREHENSIVE INCOME</b>
220	<b>STATEMENTS OF FINANCIAL POSITION</b>
222	<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>
223	<b>STATEMENT OF CHANGES IN EQUITY</b>
224	<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>
227	<b>STATEMENT OF CASH FLOWS</b>
229	<b>NOTES TO THE FINANCIAL STATEMENTS</b>

# DIRECTORS' REPORT

# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

## 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
Profit/(loss) for the year	121,026	(7,760)
Profit/(loss) attributable to:		
Equity holders of the Company	120,996	(7,760)
Non-controlling interests	30	-
	121,026	(7,760)

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.

## DIVIDENDS

No dividend was paid during the financial year and the directors do not recommend any dividend to be paid for the financial year under review.

## 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:

Mohammad Suhaimi bin Mohd Yasin	
Wan Yusoff bin Wan Hamat	
Keith Taylor	
Raja Azlan Shah bin Raja Azwa	
Mohd Nazir bin Mohd Nor	
Mariah binti Mohamad Said	Appointed on 8 May 2024
Azhar bin Noordin	Appointed on 8 May 2024
Shamsul Bahar bin Ahamad Zainal Badri	Appointed on 8 May 2024
Zahid bin Osman	Appointed on 19 August 2024
Gladys Leong	Retired on 18 April 2024
Rajalingam A/L Subramaniam	Resigned on 15 August 2024
Ausmal bin Kardin	Retired on 31 August 2024

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:

Hisham bin Haron	
Mohammad Romzi bin Shafi'e	
Muhtar bin Suhaili	Appointed on 1 August 2024
Suhaizak bin Abd Latif	Resigned on 31 July 2024

## 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.

# DIRECTORS' REPORT

# 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 of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			31 December 2024
	1 January 2024	Acquired	Sold	
<b>The Company</b>				
- Malaysia Marine and Heavy Engineering Holdings Berhad				
<b>Direct</b>				
Wan Yusoff bin Wan Hamat	10,000	-	-	10,000

	Number of ordinary shares			31 December 2024
	1 January 2024	Acquired	Sold	
<b>Fellow subsidiary</b>				
- PETRONAS Gas Berhad				
<b>Direct</b>				
Wan Yusoff bin Wan Hamat	5,000	-	-	5,000
<b>Indirect</b>				
Shamsul Bahar bin Ahamad Zainal Badri	2,000	-	-	2,000

	Number of ordinary shares			31 December 2024
	1 January 2024	Acquired	Sold	
<b>Fellow subsidiary</b>				
- PETRONAS Chemicals Group Berhad				
<b>Direct</b>				
Mohammad Suhaimi bin Mohd Yasin	6,000	-	-	6,000
Mohd Nazir bin Mohd Nor	6,000	-	-	6,000
Shamsul Bahar bin Ahamad Zainal Badri	6,000	-	-	6,000
<b>Indirect</b>				
Shamsul Bahar bin Ahamad Zainal Badri	6,000	-	-	6,000

None of the other directors holding office on 31 December 2024 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## 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 (2023: RM1,290 million) per occurrence and in aggregate. The insurance premium for the Group is RM2,650 (2023: RM2,650).

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:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there are no bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) 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:
  - (i) it necessary to write off any bad debts, or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) 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.
- (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.

# DIRECTORS' REPORT

# STATEMENT BY DIRECTORS

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

## OTHER STATUTORY INFORMATION (CONT'D.)

- (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) notwithstanding the Group's current liabilities exceeded its current assets for the financial year ended 31 December 2024, the Directors are confident that the Group will be able to meet their obligation as and when they fall due based on the various factors disclosed in Note 2.1 to the financial statements; 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 RM385,000 and RM21,800 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 February 2025.

**Mohammad Suhaimi bin Mohd Yasin**

**Mariah binti Mohamad Said**

We, Mohammad Suhaimi bin Mohd Yasin and Mariah binti Mohamad Said, 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 219 to 297 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting 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 2024 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 18 February 2025.

**Mohammad Suhaimi bin Mohd Yasin**

**Mariah binti Mohamad Said**

# 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 219 to 297 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 18 February 2025.

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

Before me,

# 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 2024 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 219 to 297.

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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"), as applicable to audits of financial statements of public interest entities 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 (INCORPORATED IN MALAYSIA)

## Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of non-current assets</b> (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 and a terminal value up to the useful life of key operating assets. 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 up to the useful life of key operating assets 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"> <li>(a) obtained an understanding of the relevant internal control over estimating the recoverable amount of the CGU;</li> <li>(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;</li> <li>(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;</li> <li>(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;</li> <li>(e) assessed the reasonableness of management's projections based on comparison between actual and past budgeted financials;</li> <li>(f) evaluated management's estimated replacement of capital expenditure by considering the historical replacement cycle and costs incurred; and</li> <li>(g) evaluated the reasonableness of the terminal value up to the useful life of key operating assets and growth rate of the expected cash flows.</li> </ul> <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>

# INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p><b>Recognition of revenue and cost of construction and marine projects</b> (Refer to Note 4 - Revenue and Note 18 - Contract assets/(liabilities))</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> <p>(a) read key contracts to obtain an understanding of the specific terms and conditions;</p> <p>(b) agreed contract revenue to the original signed customer contracts and/or evaluated assumptions applied in recognising change orders;</p> <p>(c) reviewed management meeting minutes to obtain an understanding of the performance and status for the projects that are above our testing threshold;</p> <p>(d) reviewed management's budgeted project costs to ensure adequacy of costs to complete;</p> <p>(e) assessed the reasonableness of inputs used in the determination of POC based on supporting evidence such as engineers' reports, delivery orders or signed progress reports by third party and test the underlying calculations on the POC;</p> <p>(f) considered the historical accuracy of management's budgeted project margins in assessing the reasonableness of estimated margins of similar projects;</p> <p>(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;</p> <p>(h) reperformed the calculations of the revenue based on the POC method and where applicable, considered the implications of any changes in estimates; and</p> <p>(i) evaluated the presentation and disclosures of construction contracts in the financial statements, including material accounting policy information.</p>

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (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 2024 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 2024 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 MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

*Auditors' responsibilities for the audit of the financial statements*

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

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 control.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA MARINE AND HEAVY ENGINEERING HOLDINGS BERHAD (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: (cont'd.)

- 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 control.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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  
18 February 2025

**Lai Nai Ting**  
No. 03677/07/2026 J  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	4	3,608,561	3,309,392	-	-
Cost of sales		(3,176,770)	(3,495,136)	-	-
Gross profit/(loss)		431,791	(185,744)	-	-
Other operating income	5	62,124	28,209	971	1,240
Selling and distribution expenses		(1,115)	(2,925)	(34)	(3)
Administrative expenses		(271,991)	(213,876)	(8,206)	(9,931)
Other operating expenses		(79,765)	(93,334)	(143)	(54)
Finance costs		(17,776)	(15,382)	(348)	(329)
Profit/(loss) before taxation	6	123,268	(483,052)	(7,760)	(9,077)
Taxation	9	(2,242)	(1,143)	-	-
<b>Profit/(loss) for the year</b>		121,026	(484,195)	(7,760)	(9,077)
<b>Other comprehensive income/(loss):</b>					
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value (loss)/gain on cash flow hedges	21	(8,010)	6,025	-	-
<b>Total comprehensive income/(loss) for the year</b>		113,016	(478,170)	(7,760)	(9,077)
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Company		120,996	(484,185)	(7,760)	(9,077)
Non-controlling interests		30	(10)	-	-
		121,026	(484,195)	(7,760)	(9,077)
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Company		112,986	(478,160)	(7,760)	(9,077)
Non-controlling interests		30	(10)	-	-
		113,016	(478,170)	(7,760)	(9,077)
Profit/(loss) per share attributable to equity holders of the Company (sen per share)					
Basic	10	7.56	(30.26)		
Diluted	10	7.56	(30.26)		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	1,534,988	1,507,698	-	-
Right-of-use assets	12	187,480	195,357	6,483	7,159
Investment in subsidiaries	13	-	-	1,608,205	1,608,205
Investment in joint ventures	14	57	1,516	-	-
Deferred tax assets	16	94,047	93,293	-	-
		1,816,572	1,797,864	1,614,688	1,615,364
<b>Current assets</b>					
Inventories, at cost		2,637	2,815	-	-
Trade and other receivables, and contract assets	17	1,253,712	1,291,022	2,726	1,025
Tax recoverable		-	48	-	-
Cash and bank balances	19	457,591	557,571	24,304	30,046
		1,713,940	1,851,456	27,030	31,071
<b>Total assets</b>		3,530,512	3,649,320	1,641,718	1,646,435
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	20	1,618,263	1,618,263	1,618,263	1,618,263
Cash flow hedge reserve	21	(7,685)	325	-	-
(Accumulated losses)/retained earnings		(231,061)	(352,057)	5,026	12,786
		1,379,517	1,266,531	1,623,289	1,631,049
Non-controlling interests		839	809	-	-
<b>Total equity</b>		1,380,356	1,267,340	1,623,289	1,631,049

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	23	221,949	261,251	-	-
Lease liabilities	12	6,479	7,233	6,445	7,040
		228,428	268,484	6,445	7,040
<b>Current liabilities</b>					
Trade and other payables, and contract liabilities	22	1,879,924	1,980,997	11,389	7,779
Lease liabilities	12	753	732	595	567
Borrowings	23	39,303	105,719	-	-
Derivatives	25	1,278	26,048	-	-
Provision for tax		470	-	-	-
		1,921,728	2,113,496	11,984	8,346
<b>Total liabilities</b>		2,150,156	2,381,980	18,429	15,386
<b>Total equity and liabilities</b>		3,530,512	3,649,320	1,641,718	1,646,435

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 2024

	Attributable to equity holders of the Company				Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 20) RM'000	Accumulated losses RM'000	Cash flow hedge reserve (Note 21) RM'000	Total RM'000		
<b>At 1 January 2024</b>	1,618,263	(352,057)	325	1,266,531	809	1,267,340
Total comprehensive income/(loss)	-	120,996	(8,010)	112,986	30	113,016
<b>At 31 December 2024</b>	1,618,263	(231,061)	(7,685)	1,379,517	839	1,380,356
<b>At 1 January 2023</b>	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)
<b>At 31 December 2023</b>	1,618,263	(352,057)	325	1,266,531	809	1,267,340

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital (Note 20) RM'000	Distributable retained earnings RM'000	Total equity RM'000
<b>At 1 January 2024</b>	1,618,263	12,786	1,631,049
Total comprehensive loss	-	(7,760)	(7,760)
<b>At 31 December 2024</b>	1,618,263	5,026	1,623,289
<b>At 1 January 2023</b>	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)
<b>At 31 December 2023</b>	1,618,263	12,786	1,631,049

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group	
	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	123,268	(483,052)
Adjustments for:		
Property, plant and equipment		
- Depreciation	70,317	67,844
- Write-offs	14,287	60
Right-of-use assets		
- Amortisation	7,877	8,065
Net (reversal)/allowance for impairment loss of trade and other receivables	(1,302)	852
Interest income		
- Deposits with licensed banks	(10,555)	(13,917)
Interest expense	17,776	15,382
Changes in fair value of hedging derivatives	(32,780)	25,651
Net unrealised loss/(gain) on foreign exchange	5,521	(6,128)
Net change in provision for foreseeable losses	(7,600)	472,100
Operating profit before working capital changes	186,809	86,857
Inventories	178	(48)
Trade and other receivables, and contract assets	33,091	(543,897)
Trade and other payables, and contract liabilities	(94,227)	273,775
Cash generated from/(used in) operations	125,851	(183,313)
Tax refunded	-	20,489
Tax paid	(1,724)	-
Net cash generated from/(used in) operating activities	124,127	(162,824)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(111,894)	(82,157)
Interest income from deposits with licensed banks	10,555	13,917
Proceeds from voluntary liquidation of a joint venture	1,459	-
Net cash used in investing activities	(99,880)	(68,240)

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group	
	2024 RM'000	2023 RM'000
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders of the Company	-	(24,000)
Drawdown of revolving credit	244,000	233,000
Repayment of revolving credit	(312,000)	(165,000)
Interest paid on revolving credit	(5,283)	(1,950)
Repayment of principal on term loan	(37,718)	(36,217)
Interest paid on term loan	(12,135)	(13,085)
Payment of lease liabilities	(1,091)	(1,151)
Net cash used in financing activities	(124,227)	(8,403)
<b>Net change in cash and cash equivalents</b>	(99,980)	(239,467)
<b>Cash and cash equivalents at beginning of the year</b>	545,389	784,856
<b>Cash and cash equivalents at end of the year</b>	445,409	545,389
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	217,412	181,214
IFSSC bank balance (Note 19)	121,236	206,168
Deposits with licensed banks (Note 19)	118,943	170,189
	457,591	557,571
Less: Cash pledged with the bank - restricted	(12,182)	(12,182)
	445,409	545,389

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

## CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Changes in liabilities arising from financing activities:

	Group		
	Borrowings (Note 23) RM '000	Lease liabilities (Note 12) RM'000	Total RM'000
<b>At 1 January 2024</b>	366,970	7,965	374,935
Drawdown	244,000	-	244,000
Non-cash item:			
Accretion of interest	17,418	358	17,776
Repayments:			
Principal	(349,718)	(733)	(350,451)
Interest	(17,418)	(358)	(17,776)
<b>At 31 December 2024</b>	<b>261,252</b>	<b>7,232</b>	<b>268,484</b>
<b>At 1 January 2023</b>	335,187	5,755	340,942
Drawdown	233,000	-	233,000
Non-cash items:			
Accretion of interest	15,035	347	15,382
Lease modification	-	3,014	3,014
Repayments:			
Principal	(201,217)	(804)	(202,021)
Interest	(15,035)	(347)	(15,382)
<b>At 31 December 2023</b>	<b>366,970</b>	<b>7,965</b>	<b>374,935</b>

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

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Company	
	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(7,760)	(9,077)
Adjustments for:		
Right-of-use assets		
- Amortisation	676	808
Interest income	(971)	(1,240)
Interest expense	348	329
Operating loss before working capital changes	(7,707)	(9,180)
Trade and other receivables	(1,701)	752
Trade and other payables	3,610	388
Cash used in operations	(5,798)	(8,040)
Tax refund	-	815
Net cash used in operating activities	(5,798)	(7,225)
<b>Cash flows from investing activity</b>		
Interest received, representing net cash generated from investing activity	971	1,240
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders of the Company	-	(24,000)
Payment of lease liabilities	(915)	(976)
Net cash used in financing activities	(915)	(24,976)
<b>Net change in cash and cash equivalents</b>	<b>(5,742)</b>	<b>(30,961)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>30,046</b>	<b>61,007</b>
<b>Cash and cash equivalents at end of the year</b>	<b>24,304</b>	<b>30,046</b>
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	26	197
IFSSC bank balance (Note 19)	24,249	29,820
Deposits with licensed banks (Note 19)	29	29
	<b>24,304</b>	<b>30,046</b>

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

STATEMENT OF  
**CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Changes in liabilities arising from financing activities:

	Company RM'000
<b>Lease liabilities</b>	
<b>At 1 January 2024</b>	7,607
Non-cash item:	
Accretion of interest	348
Repayments:	
Principal	(567)
Interest	(348)
<b>At 31 December 2024 (Note 12)</b>	7,040
<b>At 1 January 2023</b>	5,240
Non-cash items:	
Accretion of interest	329
Lease modification	3,014
Repayments:	
Principal	(647)
Interest	(329)
<b>At 31 December 2023 (Note 12)</b>	7,607

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

NOTES TO THE  
**FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**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 Petroliam 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 18 February 2025.

**2. MATERIAL ACCOUNTING POLICIES**

**2.1 Basis of preparation**

During the financial year, the Group's current liabilities exceed its current assets.

The directors believe that there is no material uncertainty regarding the Group's ability to continue as a going concern. They consider the preparation of the financial statements on a going concern basis to be appropriate, after considering the following factors:

- (i) The expected cash flows arising from the Group's ongoing and planned projects; and
- (ii) Adequacy of financing facilities available to the Group.

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the Companies Act 2016 in Malaysia.

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

As of 1 January 2024, the Group and the Company had adopted amendments to MFRS Accounting Standards ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described in Note 2.3.

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. The Group and the Company continuously assess the application of material accounting policies to be disclosed of in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (b) Joint arrangements (cont'd.)

##### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.)

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 MFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

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, drydocks and waste plant	1% - 20%
Plant, machinery and electrical installations	2% - 20%
Vehicles and transport equipment	10% - 20%
Furniture and office equipment	5% - 20%

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 2024

## 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.

##### *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 2024, the Group has had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (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.

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.

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.

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (f) Financial assets (cont'd.)

##### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (f) Financial assets (cont'd.)

##### Derecognition of financial assets (cont'd.)

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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (g) Financial liabilities (cont'd.)

##### 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

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

##### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (m) Income tax (cont'd.)

##### (i) Current tax (cont'd.)

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 introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption. The application by the respective entity is subject to when the law is being enacted or substantively enacted in the respective country jurisdiction.

Upon its application, the Group will apply a mandatory temporary exception 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 mandatory temporary exception applies retrospectively. The retrospective application has no impact to the Group's consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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;
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.)

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 denotes 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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 (cont'd.)

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.

##### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

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

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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (s) Leases (cont'd.)

##### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

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

#### (s) Leases (cont'd.)

##### (iii) Subsequent measurement (cont'd.)

#### (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.

### 2.3 Changes in accounting policies

On 1 January 2024 the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2024:

#### 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 (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101 Presentation of Financial Statements (Non-current Liabilities with Covenants)
- Amendments to MFRS 107 Statement of Cash Flows and Amendment to MFRS 7 Financial Instruments: Disclosure (Supplier Finance Arrangements)

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

### 2.4 Standards issued but not yet effective (cont'd.)

#### 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 annual periods beginning on or after 1 January 2026

- Annual Improvements to MFRS Accounting Standards (Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107)
- Amendments to Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)

#### Effective for annual periods beginning on or after 1 January 2027

- MFRS 18 Presentation and Disclosure in Financial Statements
- MFRS 19 Subsidiaries without Public Accountability: Disclosures

#### 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 expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above-mentioned pronouncements are not expected to have any material impact to the financial statements of the Group and the Company, except for MFRS 18 pronouncement, which impact on initial application is currently being assessed. Further details on MFRS 18 pronouncements are discussed below.

#### **MFRS 18: Presentation and Disclosure in Financial Statements**

MFRS 18 will replace MFRS 101 Presentation of Financial Statements, which retains majority of the requirements of MFRS 101 and complementing them with new requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flows and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

MFRS 18 introduces key new requirements as follows:

#### **i Statement of Profit or Loss and Other Comprehensive Income:**

The standard requires reclassification of all income and expenses within the statement of profit or loss into five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires to present a newly-defined operating profit subtotal, and the net profit will not change.

#### **ii Statement of Cash Flows:**

The standard requires to disclose the starting point for cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and the optionality around classification of cash flows from dividends and interest are removed.

#### **iii Management-defined Performance Measures ("MPMs") and guidance on Aggregation and Disaggregation:**

The standard requires MPMs are disclosed in a single note in the financial statements and enhanced guidance is provided on aggregation and disaggregation of financial information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

### 2.4 Standards issued but not yet effective (cont'd.)

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

### 2.5 New and revised pronouncements not applicable to the Group and the Company

The MASB has issued a new pronouncement which is not relevant to the Group and the Company and hence, no further disclosure is warranted.

#### Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)

#### Effective for annual periods beginning on or after 1 January 2027

- MFRS 19 Subsidiaries without Public Accountability: Disclosures

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the consolidated financial statements:

### (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 as 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 but had been principally agreed by 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) 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.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (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) Allowance for impairment loss of trade receivables, contract assets and other receivables

The allowance for impairment loss of trade receivables, contract assets 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 contract assets 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).

## 4. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Heavy engineering construction works	3,186,592	2,985,525	-	-
Marine conversion and repair	421,969	323,867	-	-
	3,608,561	3,309,392	-	-

### 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:

	2024 RM'000	2023 RM'000
Goods transferred at a point in time	7,428	82,990
Services transferred over time	3,601,133	3,226,402
	3,608,561	3,309,392

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 4. REVENUE (CONT'D.)

### 4.2 Contract balances

The following table provides information about receivables, contract assets and contract liabilities.

	31 December		1 January
	2024 RM'000	2023 RM'000	2023 RM'000
Trade receivables	269,094	85,716	139,232
Contract assets	969,352	1,179,289	592,277
Contract liabilities	(156,409)	(170,671)	(15,152)

Contract assets primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when rights become unconditional. The contract liabilities 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 RM'000	1-5 years RM'000	Total RM'000
Heavy engineering construction works	2,362,186	2,774,088	5,136,274
Marine conversion and repair	126,865	-	126,865
	2,489,051	2,774,088	5,263,139

## 5. OTHER OPERATING INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Rental income	7,070	3,170	-	-
Interest income:				
- Deposits with licensed banks	10,555	13,917	971	1,240
Fair value gain on derivatives	32,780	-	-	-
Net unrealised gain on foreign exchange	-	6,128	-	-
Income from scrap disposal	10,211	1,098	-	-
Others	1,508	3,896	-	-
	62,124	28,209	971	1,240

## 6. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:				
- Statutory audit	385	364	22	21
- Others	79	109	29	27
Staff costs (Note 7)	427,674	379,007	7,160	8,751
Property, plant and equipment (Note 11):				
- Depreciation	70,317	67,844	-	-
- Write-offs	14,287	60	-	-
Right-of-use assets (Note 12):				
- Amortisation	7,877	8,065	676	808
Operating lease rental (i):				
- Office premise	716	16	-	-
- Vehicles	427	300	-	-
- Office equipment	6,741	6,745	-	-
- Plant and machinery	19,062	44,494	-	-
- Tugboat, pushers and barges	5,353	3,217	-	-
Net (reversal)/allowance for impairment loss:				
- Trade receivables (Note 28(b)(ii)(b))	(2,187)	1,039	-	-
- Other receivables (Note 28(b)(iii))	885	(187)	-	-
Net loss on foreign exchange:				
- Realised	13,933	569	-	-
- Unrealised	5,521	-	-	-
Interest expense on lease liabilities (Note 12)	358	347	348	329
Information technology maintenance fees	24,619	23,469	-	-
Repair and maintenance for machinery	24,987	26,191	-	-
Net (reversal)/provisions recognised for onerous contracts during the year (Note 22(a))	(7,600)	472,100	-	-
Interest expense on revolving credit	5,283	1,950	-	-
Interest expense on long term loan	12,135	13,085	-	-
Fair value loss on derivatives	-	25,651	-	-

- (i) The Group and the Company lease vehicles, office equipment, plant and machinery and boats with contract terms of 1 to 5 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 2024

## 7. STAFF COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Wages and salaries	336,175	283,187	1,042	4,877
Social security costs	3,548	3,141	33	30
Contributions to a defined contribution plan	31,801	33,052	569	618
Management fees in relation to services of key management personnel (Note 27(c))	3,353	2,069	2,679	2,069
Other staff related expenses	52,797	57,558	2,837	1,157
	427,674	379,007	7,160	8,751

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 (2023: RM nil) as further disclosed in Note 8.

## 8. DIRECTORS' REMUNERATION

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

	Group and Company	
	2024 RM'000	2023 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	671	569
Other emoluments	378	336
Estimated money value of benefits-in-kind	21	13
Total non-executive directors' remuneration (including benefits-in-kind)	1,070	918
Total directors' remuneration (including benefits-in-kind) (Note 27(c))	1,070	919

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 8. DIRECTORS' REMUNERATION (CONT'D.)

The details of directors' remuneration of the Group and Company during the financial year are as follows: (cont'd.)

	Number of directors	
	2024	2023
Non-executive directors**:		
RM150,000 and below	3	1
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	2	3
RM250,001 - RM300,000	1	-
	6	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 and ultimate holding company of the Group, PETRONAS.

## 9. TAXATION

The major components of income tax expense are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current income tax:				
Malaysian income tax	2,948	-	-	-
Under provision in prior year:				
Malaysian income tax	48	1,143	-	-
	2,996	1,143	-	-
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	538	29,415	-	-
Over provision of deferred tax in prior year	(1,292)	(29,415)	-	-
	(754)	-	-	-
Taxation	2,242	1,143	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit/(loss) for the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 9. TAXATION (CONT'D.)

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

	2024 RM'000	2023 RM'000
<b>Group</b>		
Profit/(loss) before taxation	123,268	(483,052)
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	29,584	(115,932)
Effect of income not subject to tax	(999)	-
Effect of expenses not deductible for tax purposes	9,799	18,078
Recognition of previously unrecognised deferred tax assets	(35,604)	-
Deferred tax assets not recognised	706	127,269
Over provision of deferred tax in prior year	(1,292)	(29,415)
Under provision of Malaysian current tax expense in prior year	48	1,143
Income tax expense for the year	2,242	1,143

	2024 RM'000	2023 RM'000
<b>Company</b>		
Loss before taxation	(7,760)	(9,077)
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	(1,862)	(2,178)
Effect of expenses not deductible for tax purposes	1,862	2,178
Income tax credit for the year	-	-

## 10. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing profit or loss 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	
	2024	2023
Profit/(loss) attributable to equity holders of the Company (RM'000)	120,996	(484,185)
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
Basic/diluted profit/(loss) per share (sen)	7.56	(30.26)

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 11. PROPERTY, PLANT AND EQUIPMENT

	Cost				
	At 1.1.2024 RM'000	Additions RM'000	Transfers RM'000	Write-offs (Note 6) RM'000	At 31.12.2024 RM'000
<b>Group</b>					
Boats	154	-	-	-	154
Buildings, drydocks and waste plant	2,126,412	73	4,884	(1,644)	2,129,725
Plant, machinery and electrical installations	739,890	5,042	27,279	(4,477)	767,734
Vehicles and transport equipment	13,928	474	741	-	15,143
Furniture and office equipment	67,248	737	2,088	-	70,073
Loose tools	7,715	-	-	-	7,715
Construction-in-progress	98,171	105,568	(34,992)	(14,287)	154,460
	3,053,518	111,894	-	(20,408)	3,145,004

	Accumulated depreciation and impairment				Net carrying amount
	At 1.1.2024 RM'000	Depreciation for the financial year (Note 6) RM'000	Write-offs (Note 6) RM'000	At 31.12.2024 RM'000	At 31.12.2024 RM'000
<b>Group</b>					
Boats	154	-	-	154	-
Buildings, drydocks and waste plant	975,495	36,257	(1,644)	1,010,108	1,119,617
Plant, machinery and electrical installations	482,665	31,601	(4,477)	509,789	257,945
Vehicles and transport equipment	13,915	433	-	14,348	795
Furniture and office equipment	58,190	2,022	-	60,212	9,861
Loose tools	7,711	4	-	7,715	-
Construction-in-progress	7,690	-	-	7,690	146,770
	1,545,820	70,317	(6,121)	1,610,016	1,534,988

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

	Cost				
	At 1.1.2023 RM'000	Additions RM'000	Transfers RM'000	Write-offs (Note 6) RM'000	At 31.12.2023 RM'000
<b>Group</b>					
Boats	154	-	-	-	154
Buildings, drydocks 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

	Accumulated depreciation and impairment				Net carrying amount
	At 1.1.2023 RM'000	Depreciation for the financial year (Note 6) RM'000	Write-offs (Note 6) RM'000	At 31.12.2023 RM'000	At 31.12.2023 RM'000
<b>Group</b>					
Boats	154	-	-	154	-
Buildings, drydocks 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

	Group	
	2024 RM'000	2023 RM'000
Buildings, drydocks and waste plant	217,442	213,764
Plant, machinery and electrical installations	227,875	192,339
Other property, plant and equipment	66,947	64,871
	512,264	470,974

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

	Group	
	2024 RM'000	2023 RM'000
Cash	111,894	82,157

- (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 VIU, and determined at the CGU of each asset.

### Recoverable amount determined from VIU

The Group's recoverable amount for impaired property, plant and equipment and right-of-use assets of RM1,814,312,000 (2023: RM1,760,367,000) was determined from the VIU calculations using cash flow projections discounted at the pre-tax rate of 13.41% (2023: 13.97%).

Details of the key assumptions used in the VIU calculation 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

(c) Details of the key assumptions used in the VIU calculation are disclosed below: (cont'd.)

### Key assumptions used in VIU calculations (cont'd.)

#### (iii) Discount rate

The discount rate reflects specific risks relating to the CGU. The pre-tax discount rate used is 13.41% (2023: 13.97%).

#### (iv) Growth rate

Cash flows beyond the five-year period is extrapolated using growth rate of 2.50% (2023: 2.50%).

## 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Cost At
	1.1.2024/ 31.12.2024 RM'000
<b>Group</b>	
Land use rights *	306,852
Warehouses and wharf	595
Office premise	13,241
Office equipment	207
	<b>320,895</b>

	Accumulated depreciation and impairment			Net carrying amount
	At 1.1.2024 RM'000	Depreciation for the financial year (Note 6) RM'000	At 31.12.2024 RM'000	At
				31.12.2024 RM'000
<b>Group</b>				
Land use rights *	119,001	7,037	126,038	180,814
Warehouses and wharf	375	95	470	125
Office premise	6,082	676	6,758	6,483
Office equipment	80	69	149	58
	<b>125,538</b>	<b>7,877</b>	<b>133,415</b>	<b>187,480</b>

\* 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 2024

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

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

	Accumulated depreciation and impairment			Net carrying amount
	At 1.1.2023 RM'000	Depreciation for the financial year (Note 6) RM'000	At 31.12.2023 RM'000	At
				31.12.2023 RM'000
<b>Group</b>				
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
	<b>117,473</b>	<b>8,065</b>	<b>125,538</b>	<b>195,357</b>

\* 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 2024

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

	Cost	
	At 1.1.2024/ 31.12.2024	RM'000
<b>Company</b>		
Office premise	13,241	

	Accumulated depreciation			Net carrying amount
	At 1.1.2024	Depreciation for the financial year (Note 6)	At 31.12.2024	At 31.12.2024
	RM'000	RM '000	RM'000	RM'000
<b>Company</b>				
Office premise	6,082	676	6,758	6,483

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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	
	2024	2023
	RM'000	RM'000
At 1 January	7,965	5,755
Accretion of interest (Note 6)	358	347
Lease modification	-	3,014
Payments	(1,091)	(1,151)
At 31 December (Note 22)	7,232	7,965
Current	753	732
Non-current	6,479	7,233

	Company	
	2024	2023
	RM'000	RM'000
At 1 January	7,607	5,240
Accretion of interest (Note 6)	348	329
Lease modification	-	3,014
Payments	(915)	(976)
At 31 December (Note 22)	7,040	7,607
Current	595	567
Non-current	6,445	7,040

The Group and the Company had total cash outflows for lease liabilities of RM1,091,000 (2023: RM1,151,000) and RM915,000 (2023: RM976,000) respectively. The interest rates per annum at the reporting date for the lease liabilities ranged from 3.87% to 4.74% (2023: 3.87% to 4.74%).

The Group had total cash outflows for short-term leases and low-value assets amounting to RM32,299,000 (2023: RM54,772,000).

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares in Malaysia, at cost	1,608,205	1,608,205

The subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	Ownership interest and voting interest (%)	
			2024	2023
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%

\* Under member's voluntary winding up

^ Audited by overseas offices of Ernst & Young PLT.

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 2024

## 14. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares at cost	5,180	16,372	5,000	5,000
Share of post-acquisition reserves	(5,123)	(14,856)	-	-
Less: Allowance for impairment losses	-	-	(5,000)	(5,000)
	57	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
	2024	2023	
T.EN MHB Hull Engineering Sdn. Bhd.	50%	50%	Note (i)
MMHE-TPGM Sdn. Bhd.	60%	60%	Note (ii)
MMHE-ATB Sdn. Bhd.	-	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. was previously a subcontractor of the Company's projects as well as to third parties to manufacture pressure vessels and tube heat exchangers. During the financial year, the 40% owned joint venture company of MMHE, had completed its liquidation process.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

- (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

	2024 RM'000	2023 RM'000
Cash and cash equivalents	998	3,797
Other current assets	-	1,761
Total current assets	998	5,558
Total assets	998	5,558
Current liabilities, representing total liabilities	(2,370)	(5,496)
Net (liabilities)/assets	(1,372)	62

- (ii) Summarised statements of comprehensive income

	2024 RM'000	2023 RM'000
Interest income	15	66
Other expenses	(2)	(3)
Profit before tax	13	63
Income tax expense	(4)	(4)
Profit after tax	9	59

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 RM1,548,000 (2023: RM1,556,000) as at 31 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 15. JOINT OPERATIONS

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

Name	% of ownership interest held by the Group	
	2024	2023
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	
	2024 RM'000	2023 RM'000
At 1 January	93,293	93,293
Recognised in profit or loss (Note 9)	754	-
At 31 December	94,047	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 2024	74,078
Recognised in profit or loss	16,545
At 31 December 2024	90,623
At 1 January 2023	96,775
Recognised in profit or loss	(22,697)
At 31 December 2023	74,078

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 16. DEFERRED TAX (CONT'D.)

Deferred tax assets of the Group:

	Provisions and others RM'000	Unutilised capital allowances RM'000	Unutilised investment tax and reinvestment allowances RM'000	Unutilised tax losses allowances RM'000	Total RM'000
At 1 January 2024	(14,904)	(135,541)	-	(16,926)	(167,371)
Recognised in profit or loss	565	21,093	(55,883)	16,926	(17,299)
At 31 December 2024	(14,339)	(114,448)	(55,883)	-	(184,670)
At 1 January 2023	(9,970)	(125,336)	(27,391)	(27,371)	(190,068)
Recognised in profit or loss	(4,934)	(10,205)	27,391	10,445	22,697
At 31 December 2023	(14,904)	(135,541)	-	(16,926)	(167,371)

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

	Group	
	2024 RM'000	2023 RM'000
Other deductible temporary differences	5,434	5,624
Unabsorbed capital allowances	18,040	18,031
Unutilised investment tax allowances ("ITA")	895,334	1,041,821
Unutilised reinvestment allowances	23,428	22,183
Unutilised tax losses	399,391	399,376
	1,341,627	1,487,035

The availability of the unabsorbed capital allowances, unutilised ITA and unutilised tax losses 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 2024

## 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	
	2024 RM'000	2023 RM'000
Expires in 2029	14,326	14,310
Expires in 2031	8,618	8,618
Expires in 2032	95,544	95,545
Expires in 2033	1,341	1,341
Expires in 2034	279,562	279,562
	399,391	399,376

## 17. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables				
Third parties	114,770	109,353	-	-
Related companies	146,198	2,812	-	-
Joint operation	24,381	3,083	-	-
Retention monies	11,881	1,363	-	-
Contract assets (Note 28(b)(ii)(b))	970,629	1,179,994	-	-
	1,267,859	1,296,605	-	-
Less: Allowance for impairment losses (Note 28(b)(ii)(b))	(29,413)	(31,600)	-	-
	1,238,446	1,265,005	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 17. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS (CONT'D.)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables				
Due from:				
- Immediate holding company	2,889	999	202	202
- Joint ventures	1	7,196	1	16
- Subsidiaries	-	-	1,947	248
Deposits	2,201	2,182	18	532
Prepayments	941	3,009	19	-
Staff loans	328	358	-	-
Non-trade receivables	13,975	16,457	542	27
	20,335	30,201	2,729	1,025
Less: Allowance for impairment losses (Note 28(b)(iii))	(5,069)	(4,184)	(3)	-
	15,266	26,017	2,726	1,025
Total trade and other receivables, and contract assets	1,253,712	1,291,022	2,726	1,025
Less: Prepayments	(941)	(3,009)	(19)	-
Contract assets (Note 18)	(969,352)	(1,179,289)	-	-
Add: Cash and bank balances (Note 19)	457,591	557,571	24,304	30,046
Total financial assets carried at amortised cost	741,010	666,295	27,011	31,071

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

	Group	
	2024 RM'000	2023 RM'000
(i) Other related companies		
- Carigali-PTTEPI Operating Co. Sdn. Bhd.	38,695	-
- PETRONAS Carigali Sdn. Bhd.	94,212	-
- PETRONAS Gas Berhad	18	-
- Malaysian Refining Company Sdn. Bhd.	2,117	2,812
- MISC Marine Services Pte. Ltd.	9,928	-
- MISC Offshore Floating Terminal (L) Ltd.	1,228	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 17. TRADE AND OTHER RECEIVABLES, AND CONTRACT ASSETS (CONT'D.)

Included in contract assets of the Group are amounts in respect of projects for:

	Group	
	2024 RM'000	2023 RM'000
(i) Other related companies		
- MISC Offshore Floating Terminal (L) Ltd.	9,746	-
- MISC Marine Services Pte Ltd.	7,110	-
- PETRONAS Carigali Sdn. Bhd.	645,878	771,336
- Carigali-PTTEPI Operating Co. Sdn. Bhd.	219,369	-
- Malaysian Refining Company Sdn. Bhd.	5,385	1,093

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

	Group	
	2024 RM'000	2023 RM'000
Immediate holding company	2,889	10,267

Credit terms of trade receivables for the Group, including trade receivables from related companies and joint operation, range from 30 days to 60 days (2023: 30 days to 60 days).

Credit terms of other receivables, amounts due from joint venture and subsidiaries range from 30 days to 45 days (2023: 30 days to 45 days).

Further information on credit risk is disclosed in Note 28(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 18. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2024 RM'000	2023 RM'000
Contract assets (Note 28(b)(ii)(b))	969,352	1,179,289
Contract liabilities (Note 22)	(156,409)	(170,671)
	812,943	1,008,618

The movement of contract assets/(liabilities) is as follows:

	Group	
	2024 RM'000	2023 RM'000
At the beginning of the year	1,008,618	577,470
Revenue recognised during the year (Note 4)	3,608,561	3,309,392
Billings during the year	(3,804,236)	(2,878,244)
At the end of the year	812,943	1,008,618

Included in contract assets are allowances for expected credit losses of RM1,277,000 (2023: RM705,000).

	Group	
	2024 RM'000	2023 RM'000
Revenue recognised which was included in contract liabilities at the beginning of the financial year	170,671	15,152
Revenue recognised from performance obligations satisfied in the previous periods	336,198	56,415

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 19. CASH AND BANK BALANCES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash at banks and in hand	217,412	181,214	26	197
IFSSC bank balance	121,236	206,168	24,249	29,820
Deposits with licensed banks	118,943	170,189	29	29
Cash and bank balances	457,591	557,571	24,304	30,046

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 2.45% to 4.00% (2023: 1.75% to 4.50%) per annum. The maturity periods of the Group's deposits with licensed banks as at the reporting date ranged between 6 days to 66 days (2023: 4 days to 67 days).

The deposits with licensed banks of the Group and the Company of RM118,943,000 (2023: RM170,189,000) and RM29,000 (2023: 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 (2023: RM12,182,000).

## 20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
<b>Issued and fully paid:</b>				
At 1 January/31 December	1,600,000	1,600,000	1,618,263	1,618,263

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 21. CASH FLOW HEDGE RESERVE

	Group	
	2024 RM'000	2023 RM'000
At 1 January	325	(5,700)
Recognised in other comprehensive income:		
Fair value (loss)/gain on effective portion of cash flow hedge	(8,010)	6,025
At 31 December	(7,685)	325

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 RM7,685,000 (2023: RM325,000). As at 31 December 2024, the aforementioned forward currency contracts are expected to mature in year 2025.

## 22. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables					
Third parties		229,928	216,580	-	-
Accruals		1,332,274	1,371,725	-	-
Retention monies		8,577	6,965	-	-
Provisions	a	4,621	85,362	-	-
Contract liabilities (Note 18)	b	156,409	170,671	-	-
		1,731,809	1,851,303	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 22. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES (CONT'D)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables					
Due to:					
- Immediate holding company		3,491	1,547	779	-
- Subsidiary		-	-	6,016	1,284
- Joint operation		2,398	9,071	-	-
Accruals	c	142,226	116,912	4,594	6,495
Others		-	2,164	-	-
		148,115	129,694	11,389	7,779
Total trade and other payables, and contract liabilities		1,879,924	1,980,997	11,389	7,779
Add: Borrowings (Note 23)		261,252	366,970	-	-
Add: Lease liabilities (Note 12)		7,232	7,965	7,040	7,607
Less: Provisions		(4,621)	(85,362)	-	-
Less: Contract liabilities (Note 18)		(156,409)	(170,671)	-	-
Total financial liabilities carried at amortised cost		1,987,378	2,099,899	18,429	15,386

Credit terms of trade payables granted to the Group range from 30 days to 60 days (2023: 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	
	2024 RM'000	2023 RM'000
At 1 January	85,362	65,053
Recognised during the year (Note 6)	-	482,900
Utilised during the year	(73,141)	(451,791)
Reversal of provision (Note 6)	(7,600)	(10,800)
At 31 December	4,621	85,362

Provisions comprise of provision for onerous contracts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 22. TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES (CONT'D.)

### (b) Contract liabilities

Included in the contract liabilities of the Group are amounts in respect of projects for:

	Group	
	2024 RM'000	2023 RM'000
Other related companies		
- Carigali-PTTEPI Operating Co. Sdn. Bhd.	-	78,732
- Malaysian Refining Company Sdn. Bhd.	-	2,872
- MISC Berhad	5,294	-

### (c) Accruals

Included in non-trade accruals are amounts due to:

	Group	
	2024 RM'000	2023 RM'000
Government linked company		
- Tenaga Nasional Berhad	1,888	2,074

## 23. BORROWINGS

	Group	
	2024 RM'000	2023 RM'000
<b>Long term borrowing</b>		
<b>Secured:</b>		
Term loan	221,949	261,251
<b>Short term borrowing</b>		
<b>Secured:</b>		
Term loan	39,303	37,719
<b>Unsecured:</b>		
Revolving credit	-	68,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 23. BORROWINGS (CONT'D.)

	Group	
	2024 RM'000	2023 RM'000
<b>Total borrowings</b>		
Term loan	261,252	298,970
Revolving credit	-	68,000
Total (Note 22)	261,252	366,970

During the year, the Group made total repayments of RM37,718,000 (2023: RM36,217,000) 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 RM398,107,000 (2023: RM413,111,000) 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 drawn down revolving credit amounting to RM244,000,000 (2023: RM233,000,000) and made repayments of RM312,000,000 (2023: RM165,000,000) to finance its operations. The revolving credit bears an average profit rate of 3.88% per annum (2023: 3.91% per annum) and is payable on a monthly basis.

Details of the outstanding borrowings are as follows:

	Group	
	2024 RM'000	2023 RM'000
Amounts repayable:		
Less than one year	39,303	105,719
More than one year but not later than two years	40,936	39,303
More than two years but not later than five years	133,330	127,994
More than five years	47,683	93,954
	261,252	366,970

## 24. COMMITMENTS

	Group	
	2024 RM'000	2023 RM'000
<b>Capital expenditure:</b>		
Property, plant and equipment:		
Approved and contracted for	120,274	131,396
Approved but not contracted for	152,860	86,613
	273,134	218,009

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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	
	2024 RM'000	2023 RM'000
Not later than 1 year	16,383	16,234
Later than 1 year but not later than 5 years	1,527	4,413
	17,910	20,647

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			
	2024		2023	
	Contract/ Notional amount RM'000	Fair value of liabilities RM'000	Contract/ Notional amount RM'000	Fair value of liabilities RM'000
<b>Current</b>				
Forward currency contracts:				
- Derivative liabilities	410,500	1,278	735,876	26,048

As at 31 December 2024, the Group held forward currency contracts designated as hedges of future payments denominated in United States Dollars ("USD"), Euro ("EUR"), Sterling Pounds ("GBP"), Singapore Dollars ("SGD") and Chinese Yuan ("CNY") 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 2025 were assessed. During the year, the Group recognised a net unrealised derivatives loss of RM8,010,000 (2023: gain of RM6,025,000) in its other comprehensive income and derivative gain of RM32,780,000 (2023: RM25,651,000 derivative loss) in profit or loss for the effective and ineffective portion respectively.

## 26. CONTINGENT LIABILITIES

	Group	
	2024 RM'000	2023 RM'000
<b>Unsecured</b>		
Performance bond on contracts extended to customers	1,033,826	1,012,080

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 27. SIGNIFICANT 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	
	2024 RM'000	2023 RM'000
<b>(a) Income:</b>		
Provision of engineering and construction works, services for repairs, conversion of vessels and drydocking to:		
- fellow subsidiaries	188,129	74,406
- other related companies of ultimate holding company	2,825,172	2,013,750
<b>(b) Expenses:</b>		
Rental of office premise and provision of administrative services from other related companies of the ultimate holding company	915	1,151
Purchases from:		
- ultimate holding company	131	3,496
- immediate holding company	19,522	16,251
- fellow subsidiary	3	2,188
- other related companies of the ultimate holding company	76,187	29,200
- government-related entities	33,943	30,906

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 27. SIGNIFICANT 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	
	2024 RM'000	2023 RM'000
Short-term employee benefits	7,476	7,543
Management fees (Note 7) *	3,353	2,069
Post-employment benefits:		
Defined contribution plan	431	523
	11,260	10,135

	Company	
	2024 RM'000	2023 RM'000
Short-term employee benefits	2,230	2,198
Management fees (Note 7) *	2,679	2,069
Post-employment benefits:		
Defined contribution plan	177	204
	5,086	4,471

Included in the total remuneration of key management personnel are:

	Group and Company	
	2024 RM'000	2023 RM'000
Directors' remuneration (Note 8)	1,070	919

\* Included in the remuneration of key management personnel are management fees in relation to the services of two current and two former non-executive directors who are/were employees of the immediate holding company of the Group, MISC Berhad. There is one non-executive director and one executive director whom are employees of the ultimate holding company of the Group, PETRONAS.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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 contract assets, 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.

#### (ii) Trade receivables and contract assets

##### (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 contract assets at the reporting date is as follows:

	Group	
	2024 RM'000	2023 RM'000
Heavy Engineering segment	1,156,728	1,213,751
Marine segment	111,131	82,854
	1,267,859	1,296,605

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 28. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Credit risk (cont'd)

#### (ii) Trade receivables and contract assets (cont'd.)

##### (b) Recognition and measurement of impairment loss

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets 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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets with customers as at 31 December 2024 and 31 December 2023 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
<b>2024</b>			
Low risk	136,585	(57)	136,528
Medium risk	866,892	(1,097)	865,795
High risk	236,715	(592)	236,123
	1,240,192	(1,746)	1,238,446
Individually impaired	27,667	(27,667)	-
	1,267,859	(29,413)	1,238,446
Representing:			
Trade receivables (Note 17)	297,230	(28,136)	269,094
Contract assets (Note 18)	970,629	(1,277)	969,352
	1,267,859	(29,413)	1,238,446

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### (b) Credit risk (cont'd.)

#### (ii) Trade receivables and contract assets (cont'd.)

##### (b) Recognition and measurement of impairment loss (cont'd.)

Credit risk rating	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2023</b>			
Low risk	1,111,910	(263)	1,111,647
Medium risk	138,982	(522)	138,460
High risk	15,112	(214)	14,898
	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
Contract assets (Note 18)	1,179,994	(705)	1,179,289
	1,296,605	(31,600)	1,265,005

The trade receivables that are neither past due nor impaired, past due but not impaired and impaired are disclosed below:

	Group	
	2024 RM'000	2023 RM'000
Neither past due nor impaired	234,361	79,166
1 to 30 days past due not impaired	23,254	5,468
31 to 60 days past due not impaired	9,024	549
61 to 90 days past due not impaired	496	533
More than 90 days past due not impaired	1,959	-
	34,733	6,550
Impaired	28,136	30,895
	297,230	116,611

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### (b) Credit risk (cont'd.)

#### (ii) Trade receivables and contract assets (cont'd.)

##### (b) Recognition and measurement of impairment loss (cont'd.)

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 RM34,733,000 (2023: RM6,550,000). 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 contract assets during the year are as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	31,600	30,561
Net (reversal)/allowance for impairment loss (Note 6)	(2,187)	1,039
At 31 December (Note 17)	29,413	31,600

#### (iii) Other receivables

The Group's other receivables that are impaired at the reporting date are as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	4,184	4,371
Net allowance/(reversal) for impairment loss (Note 6)	885	(187)
At 31 December (Note 17)	5,069	4,184

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 28. FINANCIAL INSTRUMENTS (CONT'D.)

### (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 2024, the Group and the Company had at its disposal cash and cash equivalents amounting to RM445,409,000 (2023: RM545,389,000) and RM24,304,000 (2023: RM30,046,000) 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.

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 RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2024</b>				
Trade and other payables	1,718,894	-	-	1,718,894
Lease liabilities	1,079	3,696	4,196	8,971
Borrowings	49,815	199,262	49,299	298,376
Derivatives	1,278	-	-	1,278
	1,771,066	202,958	53,495	2,027,519
<b>At 31 December 2023</b>				
Trade and other payables	1,724,964	-	-	1,724,964
Lease liabilities	1,091	3,859	5,112	10,062
Borrowing	117,815	199,262	99,114	416,191
Derivatives	26,048	-	-	26,048
	1,869,918	203,121	104,226	2,177,265
<b>Company</b>				
<b>At 31 December 2024</b>				
Other payables	11,389	-	-	11,389
Lease liabilities	915	3,662	4,196	8,773
	12,304	3,662	4,196	20,162
<b>At 31 December 2023</b>				
Other payables	7,779	-	-	7,779
Lease liabilities	915	3,662	5,112	9,689
	8,694	3,662	5,112	17,468

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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 USD, EUR, SGD and 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
<b>Group</b>					
At 31 December 2024	31,072	(2,767)	8,632	(228)	36,709
At 31 December 2023	164,784	(855)	7,186	(337)	170,778

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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 profit/(loss) before taxation and other comprehensive income/(loss) to a reasonably possible change in the USD, EUR, SGD, CNY 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 profit before taxation (Decrease)/ increase RM'000	Effect on other comprehensive income (Decrease)/ increase RM'000
<b>31 December 2024</b>			
USD	+10%	(21,631)	(13,433)
	-10%	21,631	13,433
EUR	+10%	(277)	22
	-10%	277	(22)
SGD	+5%	432	4
	-5%	(432)	(4)
CNY	+5%	641	-
	-5%	(641)	-

	Change in currency rate %	Effect on loss before taxation (Increase)/ decrease RM'000	Effect on other comprehensive loss (Increase)/ decrease RM'000
<b>31 December 2023</b>			
USD	+10%	(43,944)	(2,232)
	-10%	43,944	2,232
EUR	+10%	(86)	116
	-10%	86	(116)
SGD	+5%	383	54
	-5%	(383)	(54)
GBP	+5%	(17)	3
	-5%	17	(3)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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 2024 and 31 December 2023 are as follows:

	Note	2024 RM'000	2023 RM'000
Borrowings	23	261,252	366,970
Total equity		1,380,356	1,267,340
Gross debt to equity ratio		0.19	0.29

The gearing ratio is not governed by MFRS Accounting Standards 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 2024

## 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	
<b>Group</b>						
<b>At 31 December 2024</b>						
<b>Financial liability</b>						
Forward currency contracts	25	-	(1,278)	-	(1,278)	
<b>At 31 December 2023</b>						
<b>Financial liability</b>						
Forward currency contracts	25	-	(26,048)	-	(26,048)	
	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	
<b>At 31 December 2024</b>						
<b>Financial liability</b>						
Term loan						
- fixed rate	23	-	(244,463)	-	(244,463)	(261,252)
<b>At 31 December 2023</b>						
<b>Financial liability</b>						
Term loan						
- fixed rate	23	-	(282,742)	-	(282,742)	(298,970)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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
<b>31 December 2024</b>							
<b>Revenue</b>							
External customers	3,186,592	421,969	-	3,608,561	-		3,608,561
<b>Result</b>							
Operating profit	110,109	40,963	(9,937)	141,135	(91)	A	141,044
Finance cost				(17,776)	-		(17,776)
Profit before taxation				123,359	(91)		123,268
Taxation				(2,242)	-		(2,242)
Profit for the year				121,117	(91)		121,026
<b>Segment assets</b>							
Contract assets	915,988	53,364	-	969,352	-		969,352
Trade receivables	229,370	39,660	64	269,094	-		269,094
<b>Total segment assets</b>	<b>1,145,358</b>	<b>93,024</b>	<b>64</b>	<b>1,238,446</b>	<b>-</b>	<b>B</b>	<b>1,238,446</b>
<b>Segment liabilities</b>							
Contract liabilities	(151,115)	(5,294)	-	(156,409)	-		(156,409)
<b>Total segment liabilities</b>	<b>(151,115)</b>	<b>(5,294)</b>	<b>-</b>	<b>(156,409)</b>	<b>-</b>	<b>C</b>	<b>(156,409)</b>
<b>Included in operating profit/(loss) are:</b>							
Depreciation and amortisation	-	-	-	(78,156)	(38)		(78,194)
Assets written off	-	-	-	(14,287)	-		(14,287)
Net reversal of impairment loss							
- trade and other receivables (net)	-	2,934	(1,632)	1,302	-		1,302

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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
<b>31 December 2023</b>							
<b>Revenue</b>							
External customers	2,985,525	323,867	-	3,309,392	-		3,309,392
<b>Result</b>							
Operating loss	(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)
<b>Segment assets</b>							
Contract assets	1,145,644	33,645	-	1,179,289	-		1,179,289
Trade receivables	65,424	18,760	1,532	85,716	-		85,716
<b>Total segment assets</b>	<b>1,211,068</b>	<b>52,405</b>	<b>1,532</b>	<b>1,265,005</b>	-	B	<b>1,265,005</b>
<b>Segment liabilities</b>							
Contract liabilities	(169,287)	(1,384)	-	(170,671)	-		(170,671)
<b>Total segment liabilities</b>	<b>(169,287)</b>	<b>(1,384)</b>	<b>-</b>	<b>(170,671)</b>	-	C	<b>(170,671)</b>
<b>Included in operating (loss)/profit are:</b>							
Depreciation and amortisation	-	-	-	(75,871)	(38)		(75,909)
Assets written off	-	-	-	(60)	-		(60)
Net reversal of impairment loss							
- trade and other receivables (net)	-	-	(852)	(852)	-		(852)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 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:

	2024 RM'000	2023 RM'000
Total assets	3,530,512	3,649,320
Property, plant and equipment	1,534,988	1,507,698
Right-of-use assets	187,480	195,357
Investment in joint ventures	57	1,516
Deferred tax assets	94,047	93,293
Inventories	2,637	2,815
Other receivables	15,266	26,017
Cash and bank balances	457,591	557,571
Tax recoverable	-	48
Adjustments and eliminations to total assets	2,292,066	2,384,315
<b>Total segment assets</b>	<b>1,238,446</b>	<b>1,265,005</b>
The segment assets comprise:		
Contract assets	969,352	1,179,289
Trade receivables	269,094	85,716
	1,238,446	1,265,005

C The following items are deducted from total liabilities as reported in the statements of financial position to arrive at segment liabilities:

	2024 RM'000	2023 RM'000
Total liabilities	2,150,156	2,381,980
Trade and other payables	1,723,985	1,810,326
Derivatives	1,278	26,048
Borrowing	261,252	366,970
Lease liabilities	7,232	7,965
Adjustments and eliminations to total liabilities	1,993,747	2,211,309
<b>Total segment liabilities</b>	<b>156,409</b>	<b>170,671</b>

The segment liabilities solely comprise of contract liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 31. SEGMENT INFORMATION (CONT'D.)

### Geographical information

Substantially all of the Group's revenue is derived locally and non-current assets are located within Malaysia.

### Information about major customers

Breakdown of revenue from major customers are as follows:

	2024 RM'000	2023 RM'000
PETRONAS Carigali Sdn. Bhd., a related company		
- Heavy Engineering segment	1,695,302	1,792,007
Carigali-PTTEPI Operating Co. Sdn Bhd., a related company		
- Heavy Engineering segment	1,075,046	207,929
SapuraOMV Upstream (Sarawak) Inc.		
- Heavy Engineering segment	238,332	603,643
Sarawak Shell Berhad		
- Heavy Engineering segment	131,309	354,497
MISC Offshore Floating Terminal (L) Ltd., a fellow subsidiary		
- Marine Segment	95,062	40,105
MISC Berhad, an immediate holding company		
- Marine Segment	47,606	-
Malaysian Refining Company Sdn. Bhd., a related company		
- Marine segment	28,487	6,805
Eaglestar Shipmanagement (L) Pte. Ltd., a fellow subsidiary		
- Marine Segment	28,273	33,984
Petrofac International Ltd.		
- Heavy Engineering Segment	22,967	20,005
Uzma Engineering Sdn. Bhd.		
- Marine Segment	22,549	-

## 32. SIGNIFICANT EVENTS

### 32.1 Material litigations

#### (a) **Kebabangan 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 Kebabangan ("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:-

- 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;
- 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
- 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 was fixed for hearing on 11 July 2024.

On 11th July 2024, the Hearing of the Appeals was adjourned by the Court of Appeal and the Appeals were instead scheduled for a case management on 12 July 2024, to fix a new Hearing date. On 12 July 2024, the Court of Appeal fixed KPOC's Appeals for Hearing on 9 December 2024. The Hearing was heard on 9 December 2024, at the Court of Appeal. The Appeals was fixed for decision on 24 January 2025.

On 24 January 2025, the Court of Appeal had dismissed the Appeals, with a total costs of RM65,000 to be paid by KPOC to MMHE.

## PROPERTIES OWNED BY MHB AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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	45	36,450
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	49	624
3	PTD 101363 Mukim Plentong Johor Bahru	Land	Leasehold/2039	2,567,862	Storage Area	15	13,274
4	PTD 65615 Mukim Plentong Johor Bahru	Land	Leasehold/2044	698,266	Staff Quarters	41	1,589
5	PTD 65618 Mukim Plentong Johor Bahru	Land	Leasehold/2044	587,624	Staff Quarters	41	1,338
6	PTD 65619 Mukim Plentong Johor Bahru	Land	Leasehold/2044	128,502	Staff Quarters	41	293
7	PTD 65616 Mukim Plentong Johor Bahru	Land	Leasehold/2044	169,884	Vacant	41	387
8	PTD 65617 Mukim Plentong Johor Bahru	Land	Leasehold/2044	374,180	Vacant	41	852
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	47	1,061,092
10	Rumah Pangsa MMHE 81700 Pasir Gudang (erected on land 4 to 6 above)	4-storey residential flats	Leasehold/2044	383,559	Staff Quarters	46	1,245

## PROPERTIES OWNED BY MHB AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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	39	31,148
12	PTD 109040 Mukim Plentong Johor Bahru	Land	Leasehold/2053	217,800	Workshop, ancillary facilities and site office	31	5,178
13	PTD 200290 Mukim Plentong Johor Bahru	Land, Yard	Leasehold/2052	2,424,158	Workshop, ancillary facilities and office buildings	16	59,372
14	PTD 22768 Mukim Plentong Johor Bahru	Land	Leasehold/2040	435,600	Storage Area	44	7,899
15	LOT 51611 Mukim Plentong Johor Bahru	Land	Leasehold/2045	173,514	Ancillary facilities and storage area	28	3,545
16	PTD 110760 Mukim Plentong Johor Bahru	Land	Leasehold/2052	205,603	Workshop, ancillary facilities and office buildings	31	4,737
17	PTD 110758 Mukim Plentong Johor Bahru	Land	Leasehold/2052	59,242	Cabin office and warehouse	31	1,437
18	PTD 233477 Mukim Plentong Johor Bahru	Land	Leasehold/2079	333,197	Heavy Engineering fabrication yard and ancillary facilities	6	12,691

## 30 LARGEST SHAREHOLDERS

AS AT 18 FEBRUARY 2025

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	35,925,100	2.25
4	AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM MALAYSIA	23,999,900	1.50
5	LEOW HONG YEN	16,185,000	1.01
6	TEOH CHOO EE	13,680,000	0.86
7	KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR CHUA SENG SAM	10,050,000	0.63
8	LEMBAGA TABUNG HAJI	8,472,000	0.53
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - LEMBAGA TABUNG HAJI (AIIMAN)	5,613,800	0.35
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TING YUET MAY (REM 825)	3,648,000	0.23
11	LEE SEE JIN	3,336,800	0.21
12	LEW SIEW YEN	3,011,000	0.19
13	CHU BOON HENG	2,766,000	0.17
14	MUHAYUDDIN BIN MUSA	2,760,000	0.17
15	PHOON ONN LEONG	2,600,000	0.16
16	THANG GUAN CHUNG	2,500,000	0.16
17	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIEW YOON PECK	2,466,300	0.15
18	HLIB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE CHOI FOK @ LEE CHOON FOOK	2,400,000	0.15
19	LIM CHIN SEAN	2,280,000	0.14
20	OH MUI HENG	2,080,000	0.13

## 30 LARGEST SHAREHOLDERS

AS AT 16 FEBRUARY 2025

No	Name of Shareholders	No. of Shares	% of Issued Share Capital
21	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - BASKARAN A/L GOVINDA NAIR	2,000,000	0.13
22	LEE CHEE BENG	1,942,000	0.12
23	HLB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TOH HOOI HAK	1,839,200	0.12
24	KHOO SENG MIAU	1,680,000	0.11
25	CHONG MEE SIN	1,620,000	0.10
26	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD - PTB UNIT TRUST BERHAD FOR LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	1,505,500	0.09
27	TEE AH LING	1,432,100	0.09
28	CHENG CHIN HENG	1,296,800	0.08
29	LIM GAIK BWAY @ LIM CHIEW AH	1,273,400	0.08
30	TAN KY-LYN	1,273,000	0.08
	<b>TOTAL</b>	<b>1,359,635,900</b>	<b>84.98</b>

# STATISTICS ON SHAREHOLDINGS

AS AT 18 FEBRUARY 2025

**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	932	9.10	4,056	0.00
100 – 1,000	2,031	19.84	1,361,887	0.08
1,001 – 10,000	4,393	42.91	21,233,647	1.33
10,001 – 100,000	2,393	23.37	82,506,606	5.16
100,001 to less than 5% of issued shares	487	4.76	294,893,804	18.43
5% and above of issued shares	2	0.02	1,200,000,000	75
<b>TOTAL</b>	<b>10,238</b>	<b>100</b>	<b>1,600,000,000</b>	<b>100</b>

## DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

### Directors' Interest in the Company

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
WAN YUSOFF BIN WAN HAMAT	10,000	0.00	-	-

### Directors' Interests in Related Corporations

#### PETRONAS GAS BERHAD

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
WAN YUSOFF BIN WAN HAMAT	5,000	0.00	-	-
SHAMSUL BAHAR BIN AHAMAD ZAINAL BADRI	-	-	2,000	0.00

#### PETRONAS CHEMICAL GROUP BERHAD

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
MOHAMMAD SUHAIMI BIN MOHD YASIN	6,000	0.00	-	-
MOHD NAZIR BIN MOHD NOR	6,000	0.00	-	-
SHAMSUL BAHAR BIN AHAMAD ZAINAL BADRI	6,000	0.00	6,000	0.00

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
MISC BERHAD	1,064,000,000	66.5	-	-
TECHNIPFMC PLC	136,000,000	8.5	-	-

# ESG PERFORMANCE DATA

TABLE 1.1: CUSTOMER EXPERIENCE

Disclosure	Customer Experience		
	2022	2023	2024
Total number of customers:	63	55	60
<i>Marine Business</i>	59	50	55
<i>Heavy Engineering Business (HEB)</i>	4	5	5
Total number of vessels/ projects	91	80	91
<i>Marine Business</i>	87	75	86
<i>Heavy Engineering Business (HEB)</i>	4	5	5
Customer Satisfaction Survey Index Results-Heavy Engineering	6.6	6.5	7.2
Customer Satisfaction Survey Index Results-Marine	7.8	8.7	9.0
Total Number of Customer Complaints Dealt With-Heavy Engineering	Nil	7	8
Total Number of Customer Complaints Dealt With-Marine	97	4	Nil

# ESG PERFORMANCE DATA

TABLE 2.1: EMISSIONS AND ENERGY

Emissions and Energy			
Disclosure	2022	2023	2024
Direct (Scope 1) GHG Emissions (tonnes CO <sub>2</sub> e)	10,262 <sup>(a)</sup>	10,529 <sup>(a)</sup>	9,750
Energy Indirect (Scope 2) GHG Emissions (tonnes CO <sub>2</sub> e)	28,312	27,900 <sup>(a)</sup>	32,290
Energy consumption within the organization (Litres) - Petrol	20,571	30,124	45,836
Energy consumption within the organization (tonnes CO <sub>2</sub> e) - Gas	3,358 <sup>(a)</sup>	2,372 <sup>(a)</sup>	3,165
Energy consumption within the organization (Litres) - Biodiesel	2,674,840 <sup>(a)</sup>	3,154,582 <sup>(a)</sup>	2,523,484
Energy consumption within the organization (MWh) - Electricity	42,446	41,829 <sup>(a)</sup>	48,410
Energy consumption within the organization (MWh) - Renewable Energy (Solar Power)	8,956	8,826	8,826
Energy consumption within the organization (MWh)	74,014 <sup>(a)</sup>	78,089 <sup>(a)</sup>	70,413
Energy intensity (GJ/RM million)	166 <sup>(a)</sup>	90 <sup>(a)</sup>	80
Reduction of energy consumption from the previous year (%)	(30) <sup>(a),*</sup>	(6) <sup>(a),*</sup>	10
Other Indirect (Scope 3) GHG Emissions (tonnes/CO <sub>2</sub> e):			
Category 6 – Business Travel (tonnes/CO <sub>2</sub> e)	266.5	578.45	597.28
Category 7 – Employee Commuting (tonnes/ CO <sub>2</sub> e)	5,288 <sup>(b)</sup>	4,691.22 <sup>(a),(b)</sup>	3,923.58 <sup>(b)</sup>
NOx Emissions (tonnes)	8.19 <sup>(a)</sup>	9.81 <sup>(a)</sup>	8.38
SOx Emissions (tonnes)	2.34 <sup>(a)</sup>	2.77 <sup>(a)</sup>	2.23
PM10 Emissions (tonnes)	1.09 <sup>(a)</sup>	1.29 <sup>(a)</sup>	1.06
Carbon Intensity (tCO <sub>2</sub> e)/revenue) (RM million)	24 <sup>(a)</sup>	13 <sup>(a)</sup>	12
Carbon Intensity (tCO <sub>2</sub> e)/thousand man-days)	2.0 <sup>(a)</sup>	1.76 <sup>(a)</sup>	1.59
Reduction of GHG Emissions from the previous year (%)	(17)	0	(9)

Notes:

<sup>(a)</sup> Restated data after internal verification

<sup>(b)</sup> Projected emissions based on 100% headcount

\* Increase of energy consumption.

TABLE 2.2: WATER MANAGEMENT

Water Management			
Disclosure	2022	2023	2024
Industrial Wastewater Discharged (m <sup>3</sup> )	61	439	439
Water consumption (m <sup>3</sup> )	697,266	783,280*	805,639

Notes:

\* Restated data after internal verification

# ESG PERFORMANCE DATA

TABLE 2.3: WASTE MANAGEMENT

Waste Management			
Disclosure	2022	2023	2024
<b>Scheduled Waste</b>			
Scheduled waste generated (MT)	16,364	19,009	16,725.30
Waste diverted from disposal (MT)	20,730	18,979	16,185
Waste directed to disposal (MT)	175.92	14.59	37.72
<b>Non-Scheduled Waste</b>			
Waste generated (MT) Inclusive waste diverted from landfill	4,868.83	4,767.53	2,256.66
Waste diverted from disposal (MT)	124.93	108.08	132.46
Waste directed to disposal (MT)	4,743.90	4,659.45	2,124.20
Waste Recycled (MT)	124.93	108.08	132.46
Iron / Steel from Yard Cleaning - Recycled (MT)	646.26	468.69	310.99
<b>Total non-scheduled and scheduled waste to landfill</b>			
Scheduled Waste (MT)	175.92	14.59	37.72
Non-Scheduled Waste (MT)	4,743.90	4,659.45	2,124.20
Food Waste (MT)	68.32	62.04	61.60
<b>Type of Recycled/Reused Waste</b>			
Plastic (MT)	78.91	25.24	15.60
Paper (MT)	19.46	29.21	69.47
Scrap iron (MT)	646.26	468.69	310.99
Wood (MT)	26.56	53.63	20.4
Aluminium (MT)	-	-	21.01
Used Cooking Oil (MT)	-	-	3.34
Composted Food Waste (MT)	-	-	2.65

TABLE 2.4: ENVIRONMENTAL IMPACTS OF PROJECT DEVELOPMENT

Environmental Impacts of Project Development			
Disclosure	2022	2023	2024
Number of incidents of non-compliance with environmental permits, standards and regulations	2	0	1

# ESG PERFORMANCE DATA

TABLE 3.1: EMPLOYMENT

Employment			
Disclosure	2022	2023	2024
Employees (Headcount)	3,365	4,717	3,802
<i>Permanent</i>	1,274	1,341	1,283
<i>Non-Permanent</i>	2,091	3,376	2,519
Number of New Employees	1,277	2,029	322
Total Number of Unionised Employees (Under Collective Agreement including non-execs)	319	320	311
Total Number of Union Members	246	224	232

TABLE 3.2: OCCUPATIONAL SAFETY &amp; HEALTH

Occupational Safety & Health			
Disclosure	2022	2023	2024
Number of participants trained on health and safety standards (employees)	6,737	5,693	11,122
Total learning man-hours in health and safety standards (employees)	39,101	45,903	51,834
Number of participants trained on health and safety standards (contractors)	10,633	9,987	11,710
Total learning man-hours in health & safety standards (contractors)	52,559	47,715	56,673
Number of Total Man-hours achieved (Inclusive of Contractors)	19,368,454	22,304,938	26,710,956
Safe-Manhours without LTI	5,744,499	4,454,094	30,075,220
Major Property Damage	0	0	0
Major Fire	0	0	0
Major Oil Spill	0	0	0
Lost Time Injury (LTI)	2	2	0
Total Recordable Case (TRC)	3	9	5
Fatality	0	1	0
Lost Time Injury Frequency (LTIF) *	0.10	0.13	0.00
Total Recordable Case Frequency (TRCF) *	0.16	0.40	0.19

Notes:

\* LTIF and TRCF are per 1 million man-hours

# ESG PERFORMANCE DATA

TABLE 3.3: DIVERSITY AND INCLUSION

Diversity and Inclusion			
Disclosure	2022	2023	2024
Breakdown of Employees by Gender (%)			
<i>Female %</i>	18.5	18.7	18.8
<i>Male %</i>	81.5	81.3	81.2
Breakdown of Male Employees by Position (headcount)			
<i>Senior Management</i>	30	29	31
<i>Management</i>	200	236	242
<i>Senior Executive</i>	216	299	260
<i>Executive</i>	644	897	749
<i>Non-Executive</i>	1,653	2,373	1,804
<i>Total</i>	2,743	3,834	3,086
Breakdown of Female Employees by Position (headcount)			
<i>Senior Management</i>	3	2	3
<i>Management</i>	46	57	52
<i>Senior Executive</i>	67	90	80
<i>Executive</i>	242	350	331
<i>Non-Executive</i>	264	384	250
<i>Total</i>	622	883	716
Breakdown of Male Employees by Age Group (headcount)			
<i>60-69 years</i>	24	37	65
<i>50-59 years</i>	371	417	380
<i>40-49 years</i>	549	771	861
<i>30-39 years</i>	1,014	1,305	991
<i>20-29 years</i>	721	1,253	789
<i>18-19 years</i>	64	51	0
<i>Total</i>	2,743	3,834	3,086

# ESG PERFORMANCE DATA

**TABLE 3.3: DIVERSITY AND INCLUSION (CONT'D)**

Diversity and Inclusion				
Breakdown of Female Employees by Age Group (headcount)				
	60-69 years	1	2	5
	50-59 years	43	46	51
	40-49 years	152	218	240
	30-39 years	250	269	246
	20-29 years	175	343	174
	18-19 years	1	5	0
	<i>Total</i>	622	883	716
Number of Senior Management are Local Communities - Malaysian				
	Johorian	7	6	4
Female in Technical Position (%)				
		8.8	11.80	11.2
Employee Turnover (%)				
	<i>Female</i>	3.3	2.5	7.1
	<i>Male</i>	15.5	13.9	20.1
	<i>Total (%)</i>	18.8	16.4	27.2
Number of employees taking parental leave				
		93	79	177

**TABLE 3.4: CORPORATE RESPONSIBILITY**

Corporate Responsibility			
Disclosure	2022	2023	2024
Total amount of corporate or group donations/community investments made to registered not-for-profit organisations (RM)	9,630	N/A	5,000
Total amount invested in the community where the target beneficiaries are external to the listed issue (RM)	78,730.00	146,603.00	134,173.00
Number of beneficiaries of the investment in communities	531	350	502
Number of operations with local community engagement, impact assessments and development programmes	28	56	34

# ESG PERFORMANCE DATA

**TABLE 3.5: LABOUR STANDARDS & PRACTICES**

Labour Standards & Practices			
Disclosure	2022	2023	2024
Number of substantiated complaints concerning human rights violations	0	0	0
Number of discrimination incidents	0	0	0
Employee Engagement Surveys Score	7.2	7.1	N/A*
Number of corrective actions regarding discrimination incidents taken	0	0	0

\*Note: No survey was conducted in 2024

**TABLE 3.6: TALENT AND DEVELOPMENT**

Talent and Development			
Disclosure	2022	2023	2024
Training investment (RM million)	3.59	3.81	2.92
Number of hours spent on employee development training	83,484	111,280	118,282
Number of employee upskilling programmes	322	370	12
Employees receiving regular performance and career development reviews (%)	65%	60%	73%

**TABLE 3.7: RESPONSIBLE SUPPLY CHAIN**

Talent and Development			
Disclosure	2022	2023	2024
Proportion of spending on local suppliers (%)	96%	93%	95%
Number of new suppliers that were screened using environmental criteria	7	52	47
Number of new suppliers that were screened using social criteria			

# ESG PERFORMANCE DATA

**TABLE 4.1: COMPLIANCE**

Employment			
Disclosure	2022	2023	2024
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)	36	30	35
Number of grievance mechanism cases resolved	0	4	8

**TABLE 4.2: ANTI-CORRUPTION & INTEGRITY**

Anti-Corruption & Integrity			
Disclosure	2022	2023	2024
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	0	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>	77.31	100	100
<i>Senior Executive</i>	81.63	100	100
<i>Management</i>	84.55	70.9	100
<i>Senior Management</i>	68.75	93.33	95.00
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	7	3	6
Number of confirmed corruption incidents and actions taken	0	0	0

**TABLE 4.3: DATA PRIVACY & CYBERSECURITY**

Data Privacy & Cybersecurity			
Disclosure	2022	2023	2024
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

# ESG PERFORMANCE DATA

**ISO CERTIFICATION**

Certification	2022	2023	2024
ISO 14001:2015 Environmental Management System	Yes	Yes	Yes
ISO 45001:2018 Occupational Health and Safety Management System	Yes	Yes	Yes
ISO 9001:2015 Quality Management System	Yes	Yes	Yes
ISO 29001:2020 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries	Yes	Yes	Yes
ISO 37001:2016 Anti-Bribery Management System	Yes	Yes	Yes
ISO 27001:2022 Information Security Management Systems	No	No	Yes

**SCOPE OF ISO CERTIFICATIONS**

Certification	Certification Scope
ISO 37001:2016 Anti-Bribery Management System	Anti-Bribery Management System for yard operation and its corporate services of Marine Operations and Heavy Engineering Operations.
ISO 14001:2015 Environmental Management System	<ul style="list-style-type: none"> <li>• Repair &amp; refurbishment, and conversion of ship and marine vessel</li> <li>• Engineering, procurement, construction, hook up, and testing &amp; commissioning of production system and its facilities</li> <li>• Maintenance of onshore production systems and its facilities including fabrication and testing &amp; commissioning</li> <li>• Project management for transportation and installation of offshore production system and its facilities</li> <li>• Construction, hook up, testing and commissioning of production system and its facilities</li> </ul>
ISO 9001:2015 Quality Management System	
ISO 45001:2018 Occupational Health and Safety Management System	
ISO 29001:2020 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries	Fabrication, Hook Up, Testing, Commissioning and Maintenance of Onshore & Offshore Production Systems and its Facilities
ISO 27001:2022 Information Security Management Systems	Information Security Management Systems for ICT services in securing business information related to major system applications

# BURSA MALAYSIA ESG REPORTING PLATFORM

# BURSA MALAYSIA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023	2024
<b>Bursa (Emissions management)</b>					
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	4,926.00	10,262.00 *	10,529.00 *	9,750.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	25,819.00	28,312.00	27,900.00 *	32,290.00
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	5,269.67 *	4,520.86
<b>Bursa (Waste management)</b>					
Bursa C10(a) Total waste generated	Metric tonnes	19,628.99	21,232.83	23,776.53 *	18,981.96
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	11,804.91	20,854.93	19,087.08	16,317.46
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	3,745.08	4,919.82	4,674.04 *	2,161.92
<b>Bursa (Energy management)</b>					
Bursa C4(a) Total energy consumption	Megawatt	71,585.00	74,014.00 *	78,089.00 *	70,413.00
<b>Bursa (Water)</b>					
Bursa C9(a) Total volume of water used	Megalitres	568,700,000	697,300,000	783,300,000 *	805,600,000
<b>Bursa (Health and safety)</b>					
Bursa C5(a) Number of work-related fatalities	Number	0	0	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.22	0.10	0.13	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,709	6,737	5,693	11,122
<b>Bursa (Community/Society)</b>					
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	134,173.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	82	531	350	502
<b>Bursa (Diversity)</b>					
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	11.76
Senior Management 50-59	Percentage	53.33	57.58	58.06	55.88
Senior Management 40-49	Percentage	36.67	27.27	29.03	32.35
Senior Management 30-39	Percentage	3.33	3.03	3.23	0.00
Senior Management 20-29	Percentage	0.00	0.00	0.00	0.00
Senior Management 18-19	Percentage	0.00	0.00	0.00	0.00
Management 60-69	Percentage	3.40	2.85	4.10	5.78
Management 50-59	Percentage	24.27	24.80	25.60	23.47
Management 40-49	Percentage	37.38	41.06	44.03	60.54
Management 30-39	Percentage	34.95	30.89	25.94	10.20
Management 20-29	Percentage	0.00	0.41	0.34	0.00
Management 18-19	Percentage	0.00	0.00	0.00	0.00
Senior Executive 60-69	Percentage	0.00	0.00	1.54	1.18
Senior Executive 50-59	Percentage	12.84	0.35	7.71	11.18
Senior Executive 40-49	Percentage	29.36	9.54	44.73	56.47
Senior Executive 30-39	Percentage	55.05	36.75	44.47	30.59

Internal assurance External assurance No assurance (\*)Restated

Indicator	Measurement Unit	2021	2022	2023	2024
Senior Executive 20-29	Percentage	2.75	50.88	1.54	0.59
Senior Executive 18-19	Percentage	0.00	2.47	0.00	0.00
Executive 60-69	Percentage	0.25	0.23	0.32	0.83
Executive 50-59	Percentage	8.28	8.47	8.02	9.72
Executive 40-49	Percentage	18.47	20.20	20.93	27.78
Executive 30-39	Percentage	51.97	45.71	40.58	40.00
Executive 20-29	Percentage	21.02	25.40	30.15	21.67
Executive 18-19	Percentage	0.00	0.00	0.00	0.00
Non-Executive 60-69	Percentage	0.35	0.57	0.51	1.75
Non-Executive 50-59	Percentage	16.45	12.10	8.71	9.74
Non-Executive 40-49	Percentage	19.08	16.07	15.09	20.45
Non-Executive 30-39	Percentage	39.08	33.28	29.67	32.67
Non-Executive 20-29	Percentage	24.96	34.59	44.00	35.39
Non-Executive 18-19	Percentage	0.07	3.39	2.03	0.00
<b>Gender Group by Employee Category</b>					
Senior Management Male	Percentage	93.33	90.91	93.55	91.18
Senior Management Female	Percentage	6.67	9.09	6.45	8.82
Management Male	Percentage	83.01	81.30	80.55	82.31
Management Female	Percentage	16.99	18.70	19.45	17.69
Senior Executive Male	Percentage	75.69	76.33	76.86	76.47
Senior Executive Female	Percentage	24.31	23.67	23.14	23.53
Executive Male	Percentage	72.36	72.69	71.93	69.35
Executive Female	Percentage	27.64	27.31	28.07	30.65
Non-Executive Male	Percentage	84.04	86.23	86.07	87.83
Non-Executive Female	Percentage	15.96	13.77	13.93	12.17
<b>Bursa C3(b) Percentage of directors by gender and age group</b>					
Male	Percentage	88.89	87.50	87.50	89.00
Female	Percentage	11.11	12.50	12.50	11.00
40-49 years	Percentage	0.00	0.00	12.50	11.00
50-59 years	Percentage	33.33	50.00	37.50	33.00
>60 years	Percentage	66.67	50.00	50.00	56.00
<b>Bursa (Labour practices and standards)</b>					
<b>Bursa C6(a) Total hours of training by employee category</b>					
Management	Hours	7,360	8,429	7,970	8,696
Senior Executive	Hours	5,745	7,779	9,660	9,668
Executive	Hours	19,203	26,269	31,888	31,898
Supervisor	Hours	9,633	15,552	17,846	15,796
Non-Executive	Hours	12,662	25,454	43,916	34,252
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	53.91	62.14	71.57	66.25
<b>Bursa C6(c) Total number of employee turnover by employee category</b>					
Senior Management	Number	5	2	10	3
Management	Number	10	21	21	44
Senior Executive	Number	13	18	31	62
Executive	Number	113	150	156	253
Non-Executive	Number	265	369	441	797
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	0

Internal assurance External assurance No assurance (\*)Restated

# BURSA MALAYSIA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2021	2022	2023	2024
<b>Bursa (Anti-corruption)</b>					
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	95.00
Management	Percentage	42.72	84.55	70.90	100.00
Senior Executive	Percentage	51.38	81.63	100.00	100.00
Executive	Percentage	45.73	77.31	100.00	100.00
Non-Executive	Percentage	17.45	10.54	49.00	52.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	1	0	0	0
<b>Bursa (Data privacy and security)</b>					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	0
<b>Bursa (Supply chain management)</b>					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	87.00	96.00	93.00	95.00

# LIST OF ABBREVIATIONS

Abbreviation	Explanation
3P	Platform, Process and People
ABC	Anti-Bribery and Corruption
ABMS	Anti-Bribery Management System
ABP	Annual Business Planning
ACA	Agreed Corrective Action
AESP	Authorised Entrant and Standby Person
AGM	Annual General Meeting
AGTES	Authorised Gas Tester Entry Supervisor
AI	Artificial Intelligence
AMIM	Association of Marine Industries of Malaysia
ASME	American Society of Mechanical Engineers
ATR	Autothermal Reforming
AWP	Advanced Work Packaging
BAC	Board Audit Committee
BCM	Business Continuity Management
BCMT	Business Continuity Management Team
BEE	Board Effectiveness and Evaluation
BiAC	Bid Approval Committee
BNRC	Board Nomination and Remuneration Committee
Board	The Board of Directors of MHB
BOD	The Board of Directors of MHB
Bursa Securities	Bursa Malaysia Securities Berhad
CA	Collective Agreement
CAC	Contract Award Committee
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CBAM	Carbon Border Adjustment Mechanism
cbm	Cubic metre
CCS	Carbon, Capture & Storage
CCUS	Carbon Capture, Utilisation and Storage
CeIOs	Certified Integrity Officers
CEO	Chief Executive Officer
CFFO	Cash Flow From Operations
CFO	Chief Financial Officer
CG	Corporate governance

CGM	Climate Governance Malaysia
CGU	Cash generating unit
CHRO	Chief Human Resource Officer
CIDB	Construction Industry Development Board
CIDC	Corporate Integrity Development Centre
CII	Carbon Intensity Indicator
CM	Crisis Management
CMMS	Computerised Maintenance Management System
CMP	Crisis Management Plan
CNY	Chinese Yuan
CO2	Carbon dioxide
CO2e	Carbon dioxide equivalent
CoBE	Code of Conduct and Business Ethics
CoC	Certificate of Competency
CoE	Centre of Excellence
Company / Corporation	MHB
COO	Chief Operating Officer
COP29	29th United Nations Climate Change Conference
CPA	Certified Public Accountant
CPOC	Carigali-PTTEPI Operating Company Sdn Bhd
CPP	Central Processing Platform
CRA	Corruption Risk Assessment
CRP	Corporate Risk Profile
CSR	Corporate Social Responsibility
D&I	Diversity and Inclusion
DFMS	Digital Flange Management System
DoE	Department of Environment
DOSH	Department of Environment Safety and Health
DWC	Daily Work Checklist
DWT	Deadweight tonnage
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
EDC	Executive Development Committee
EEDI	Energy Efficiency Design Index
EEXI	Energy Efficiency Existing Ship Index

Internal assurance External assurance No assurance

(\*)Restated

# LIST OF ABBREVIATIONS

EJ	Exajoule
EPC	Engineering, Procurement and Construction
EPCIC	Engineering, Procurement, Construction, Installation and Commissioning
EPIC	Eastern Pacific Industrial Corporation Berhad
ERM	Enterprise Risk Management
ERMF	Enterprise Risk Management Framework
ERT	Emergency Responcy Team
ESG	Environmental, Social and Governance
EST	Energy Saving Technologies
EU	European Union
EU ETS	European Union Emissions Trading System
EUR	Euro
EVP	Employee Value Propositions
FEED	Front-End Engineering Design
FID	Final Investment Decision
FLNG	Floating Liquefied Natural Gas
FPSO	Floating Production, Storage and Offloading
FSO	Floating, Storage and Offloading
FSRU	Floating Storage Regasification Unit
FSU	Floating Storage Unit
FTSE	Financial Times Stock Exchange-Russell Group
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair value through profit or loss
FY2023	Financial year ending 31 December 2023
FY2024	Financial year ending 31 December 2024
GBP	Sterling Pounds
GDP	Gross Domestic Product
GHG	Greenhouse gas
GIA	Group Internal Audit
GRI	Global Reporting Initiative
Group	MHB Berhad and its subsidiaries, associates and joint ventures

Gt	Gigatonnes
GtCO2	Gigatonnes of carbon dioxide
GW	Gigawatt
H2	Hydrogen
HEO	Heavy Engineering Operations
HETR	Hydrogen Economy & Technology Roadmap
HODs	Head of Departments
HR	Human Resource
HRD Corp	Human Resource Development Corporation
HSE	Health, Safety and Environment
HSSE	Health, Safety, Security and Environment
HUC	Hook Up & Commissioning
HVAC	High Voltage Alternating Current
HVDC	High Voltage Direct Current
IAR	Integrated Annual Report
IASB	International Accounting Standards Board
ICDM	Institute of Corporate Directors Malaysia
ICT	Information and Communications Technology
IESBA	International Ethics Standards Board for Accountants
IETS	Industrial Effluent Treatment System
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMO	International Maritime Organisation
INEDs	Independent Non-Executive Directors
IoT	Internet of Things
IPCC	Intergovernmental Panel on Climate Change
IR	Investor Relations
IR	Integrated Reporting
ISMS	Information Security Management System
ISO	International Organisation for Standardisation

ISSB	International Sustainability Standards Board
ITSC	Information Technology Steering Committee
JDA	Joint Development Area
KPI	Key Performance Indicator
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
LTI	Lost Time Injury
LTIF	Lost Time Injury Frequency
MACA	Malaysia Anti-Corruption Academy
MACC	Malaysian Anti-Corruption Commission
MAICSA	The Malaysian Institute of Chartered Secretaries and Administrators
MAPA	Malaysia Auxiliary Police Association
MARC	Malaysian Rating Corporation Berhad
MBPG	Majlis Bandaraya Pasir Gudang / Pasir Gudang City Council
MC	Management Committee
MCC	MHB Credit Committee
MCCG 2021	Malaysian Code on Corporate Governance 2021
MD & CEO	Managing Director & Chief Executive Officer
MDC	Management Development Committee
MEF	Malaysia Employer Federation
MFRS	Malaysian Financial Reporting Standards
MHB	Malaysia Marine and Heavy Engineering Holdings Berhad

MICPA	Malaysian Institute of Certified Public Accountants
MIDES	Malaysian Industry Council for Defence, Enforcement and Security
MISC / MISC Group	MISC Berhad
MiSHA	Malaysian Industrial Safety and Health Association
MMHE	Malaysia Marine and Heavy Engineering Sdn Bhd
MMLR	Main Market Listing Requirements
MMt	Million Metric Tonne
MMtpa	Million Metric Tonne Per Annum
MoA	Memorandum of Agreement
MoC	Memorandum of Cooperation
MODU	Mobile Offshore Drilling Unit
MoF	Ministry of Finance
MOGSG	Malaysia Oil & Gas Services Council
MOPU	Mobile Offshore Production Unit
MOSTI	Ministry of Science, Technology and Innovation
MoU	Memorandum of Understanding
MRCBSB	Malaysian Refining Company Sdn Bhd
MSA	Master Service Agreement
MSOSH	Malaysian Society for Occupational Safety and Health
MT	Metric Tonnes
MTJA	Malaysia-Thailand Joint Authority
MTJDA	Malaysia-Thailand Joint Development Area
Mtpa	Million Tonne Per Annum
MTUN	Malaysia Technical University Network
MWh	Megawatt-hour
NACGSA	National Corporate Governance & Sustainability Awards
NCR	Non-Compliance Reports
NDA	Non-Disclosure Agreement
NEDs	Non-Executive Directors
NETR	National Energy Transition Roadmap
NETZEC	Net-Zero Committee
NGO	Non-Governmental Organisation

# LIST OF ABBREVIATIONS

# LIST OF ABBREVIATIONS

NIEDs	Non-Independent Executive Directors
NINEDs	Non-Independent Non-Executive Directors
NOCs	National Oil Companies
NOx	Nitrogen oxides
NPAT	Net Profit After Tax
O&G	Oil & Gas
OCS	Overall Contracting Strategies
OPDC	Overcoming Project Delivery Challenges
OPEC	Organization of the Petroleum Exporting Countries
OPEC+	Organization of the Petroleum Exporting Countries and its allies
OPEX	Operating Expenditure
OSH	Occupational Safety and Health
OSS	Offshore substation
OWF	Offshore Wind Farm
P&I	Protection and Indemnity
PAGEMA	Pasir Gudang Emergency Mutual Aid
PAR	Pre-Assembled Rack
PAU	Pre-Assembled Units
PCSB	PETRONAS Carigali Sdn Bhd
PEARFS	People, Environment, Assets, Reputation, Financials and Systems
Petrofac	Petrofac International (UAE) LLC
PETRONAS	Petroleum Nasional Berhad / Group PETRONAS and its subsidiaries
PETROS	Petroleum Sarawak Berhad
PM	Preventive Maintenance
PM10	Particulate Matter
PMO	Project Management Office
PMT	Project Management Team
POCS	PETRONAS Organisational Culture Survey
PONC	Price of Non-Comformance
PPE	Property, Plant and Equipment
PRM	PETRONAS Resiliency Model
PSMB	Pembangunan Sumber Manusia Berhad
PTS	Personnel Tracker System

PTSM	Plant Turnaround and Shutdown Maintenance
PUSPATRI	Johor Skill Development Centre
QMS	Quality Management System
QSC	Quality Steering Committee
RADM	Risk Assessments in Decision-Making
RC	Risk Council
RE	Renewable Energy
RFQ	Request for Quotation
RFSU	Ready for Start-Up
RM	Ringgit Malaysia
RMP	Royal Malaysia Police
ROU	Right-of-Use Assets
RPA	Robotic Process Automation
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transaction
SapuraOMV	SapuraOMV Upstream (Sarawak) Inc.
Sarawak Shell	Sarawak Shell Berhad
SAVE	Subcontractors and Vendors Engagement
SBSR	Shipbuilding and Ship Repair
SGD	Singapore Dollars
SHASSIC	Safety and Health Assessment Systems in Construction
SICW	Safety Induction for Construction Workers
SME	Subject matter expert
SMR	Steam Methane Reforming
SORMIC	Statement on Risk Management and Internal Control
SOx	Sulfur Oxides
SPoT	Single Point of Truth
SRA	Schedule Risk Analysis
SSP	Shared Socioeconomics Pathways
STP	Sewage Treatment Plants
SWEC	Standardised Work and Equipment Categories
T	Tonnes
T&I	Transportation & Installation
TA	Turnaround

# LIST OF ABBREVIATIONS

TA4MS	Turnaround Main Mechanical & Maintenance Mechanical Static
TLP	Tension Leg Platform
ToR	Terms of Reference
TPCDDOG	Third-Party Compliance Due Diligence Operational Guidelines
TRC	Technical Review Committee
TRCF	Total Recordable Case Frequency
TTC	Trash-to-Cash
TW	Terawatt
UAE	United Arab Emirates
UK	United Kingdom
UNSDG	United Nation Sustainable Development Goals
USA	United States of America
USD	United States Dollar
UTM	University of Technology Malaysia
VLCC	Very Large Crude Carrier
WBC	Whistleblowing Committee
WBL	Work-Based Learning
WHP	Wellhead Platform
WIF	Water Injection Facility
WTI	West Texas Intermediate
WTV	Waste-to-Value

# GRI CONTENT INDEX

# GRI CONTENT INDEX

Disclosure	Reference Section	Page
<b>GRI 2: General Disclosures</b>		
2-1	Organisational details	Who We Are and What We Do 4-9
2-2	Entities included in the organisation's sustainability reporting	About This Report 2-3
2-3	Reporting period, frequency and contact point	About This Report 2-3
2-4	Restatements of information	ESG Performance Data 304
2-5	External assurance	About This Report 2
2-6	Activities, value chain and other business relationships	Who We Are and What We Do Our Operating Environment 4-9 28-45
2-7	Employees	Human Capital Diversity and Inclusion ESG Performance Data 134-137 128-130 306-309
2-9	Governance structure and composition	Sustainability Governance Structure 91-92
2-10	Nomination and selection of the highest governance body	Corporate Governance Overview Statement 168-182
2-11	Chair of the highest governance body	
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	Governance and Ethics Board Audit Committee Report 144-148 186-189
2-16	Communication of critical concerns	Governance and Ethics Human and Labour Rights 144-148 131-133
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement 168-182
2-18	Evaluation of the performance of the highest governance body	
2-19	Remuneration policies	Board Nomination & Remuneration Committee Report 183-185
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	
2-22	Statement on sustainable development strategy	Chairman's Message MD&CEO's Statement 12-14 15-17
2-23	Policy commitments	Policies and Guidelines 93
2-24	Embedding policy commitments	Policies and Guidelines 93
2-26	Mechanisms for seeking advice and raising concerns	Governance and Ethics Human and Labour Rights 144-148 131-133
2-27	Compliance with laws and regulations	Governance and Ethics Human and Labour Rights 144-148 131-133
2-28	Membership associations	What Sustainability Means to Us 94-95
2-29	Approach to stakeholder engagement	Engaging with Stakeholders 46-55
2-30	Collective bargaining agreements	Human and Labour Rights 131-133

<b>GRI 3: Material Topics 2021</b>			
3-1	Process to determine material topics	Our Material Matters	56-60
3-2	List of material topics		
3-3	Management of material topics		
<b>GRI 201: Economic Performance 2016</b>			
201-2	Financial implications and other risks and opportunities due to climate change	Climate-related Financial Risks and Opportunities	96-106
<b>GRI 202: Market Presence 2016</b>			
202-2	Proportion of senior management hired from the local community	ESG Performance Data Diversity and Inclusion	308 129
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	ESG Performance Data	309
<b>GRI 205: Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	Governance and Ethics	144-148
205-2	Communication and training about anti-corruption policies and procedures	Governance and Ethics ESG Performance Data	144-148 310
205-3	Confirmed incidents of corruption and actions taken	ESG Performance Data	310
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organisation	Climate Change ESG Performance Data	110-112 304
302-3	Energy intensity		
302-4	Reduction of energy consumption		
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	Natural Resources and Consumption	113-117
303-4	Water discharge	Natural Resources and Consumption ESG Performance Data	113-117 304
303-5	Water consumption	Natural Resources and Consumption ESG Performance Data	113-117 304
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	Climate Change ESG Performance Data	110-112 304
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	Natural Resources and Consumption	113-117
306-2	Management of significant waste-related impacts	Natural Resources and Consumption	113-117
306-3	Waste generated	Natural Resources and Consumption ESG Performance Data	113-117 305

# GRI CONTENT INDEX

306-4	Waste diverted from disposal	Natural Resources and Consumption ESG Performance Data	113-117 305
306-5	Waste directed to disposal	Natural Resources and Consumption ESG Performance Data	113-117 305
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	ESG Performance Data	309
<b>GRI 401: Employment 2016</b>			
401-1	New employee hires and employee turnover	Diversity and Inclusion ESG Performance Data	128-130 306-308
401-3	Parental leave	Diversity and Inclusion ESG Performance Data	129 308
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	Health and Safety	118-122
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety	Health and Safety ESG Performance Data	118-122 306
403-6	Promotion of worker health	Health and Safety	118-122
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety	118-122
403-8	Workers covered by an occupational health and safety management system	Health and Safety ESG Performance Data	118-122 311
403-9	Work-related injuries	Health and Safety ESG Performance Data	120 306
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	ESG Performance Data	309
404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital ESG Performance Data	134-137 309
404-3	Percentage of employees receiving regular performance and career development reviews	ESG Performance Data	309
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	Diversity and Inclusion	128-130
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	Human and Labour Rights	131-133

# GRI CONTENT INDEX

<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human and Labour Rights	131-133
<b>GRI 408: Child Labor 2016</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	Human and Labour Rights	131-133
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human and Labour Rights	131-133
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Strategic Community Initiatives	123-127
413-2	Operations with significant actual and potential negative impacts on local communities	Strategic Community Initiatives	123-127
<b>GRI 414: Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	Supply Chain ESG Performance Data	138-139 309
<b>GRI 418: Customer Privacy 2016</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Digitalisation and Cybersecurity ESG Performance Data	149-150 310

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 36<sup>th</sup> Annual General Meeting (AGM) of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB or Company) will be held on Thursday, 17 April 2025 at 11.00 a.m. at the Exhibition Hall 8C, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the transaction of the following business:

## AGENDA AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.  
*Refer to Explanatory Note 1*
2. To re-elect the following Directors, who retire pursuant to Rule 21.7 of the Company's Constitution and being eligible, offer themselves for re-election:-
  - (i) Mariah Mohamad Said;
  - (ii) Azhar Noordin;
  - (iii) Shamsul Bahar Ahamad Zainal Badri; and
  - (iv) Zahid Osman.*Refer to Explanatory Note 2*
3. To re-elect Raja Azlan Shah Raja Azwa who retire by rotation pursuant to Rule 21.8 of the Company's Constitution and being eligible, offer himself for re-election.  
*Refer to Explanatory Note 2*
4. To approve the payment of Non-Executive Directors' (NEDs) Remuneration which comprises Fees and Benefit up to RM2,285,500.00 for the period from 17 April 2025 until the conclusion of the next AGM of the Company to be held in 2026.  
*Refer to Explanatory Note 3*
5. To re-appoint Messrs Ernst & Young PLT, as Auditors of the Company, for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration.  
*Refer to Explanatory Note 4*
6. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 (the Act) and the Company's Constitution.

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 10 April 2025 shall be entitled to attend and vote at the 36<sup>th</sup> AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.

# NOTICE OF ANNUAL GENERAL MEETING

## By Order of the Board

**Shahrin Albakri Mustafa Albakri** MCCA (M01832)  
SSM Practicing Certificate No. 202108000633  
**Haniza Sabaran** FCIS (CS) (CGP) (MAICSA 7032233)  
SSM Practicing Certificate No. 201908001761  
Company Secretaries  
Kuala Lumpur  
17 March 2025

## Notes:

## 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 representative or representatives at the 36<sup>th</sup> AGM or its adjournment thereof in accordance with Rule 20.13 of the Company's Constitution.
6. The proxy form must be signed by the appointor of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the proxy form 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.
7. The appointment of proxy may be made in a hardcopy form or by electronic means as specified below and must be received by the Company not less than forty-eight (48) hours before the time appointed for the holding the 36<sup>th</sup> AGM, or in the event the 36<sup>th</sup> AGM is adjourned, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the adjourned 36<sup>th</sup> AGM:-

# NOTICE OF ANNUAL GENERAL MEETING

(a) In hardcopy form:

The original proxy form shall be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. (Boardroom), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(b) By electronic means:

The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Notes for the procedures on electronic lodgment of the proxy form. Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

8. Pursuant to Paragraph 8.29A1 of the MMLR, voting at the 36<sup>th</sup> AGM will be conducted by poll. The Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-voting process and verify the results of the poll, respectively.

## Explanatory Notes on Ordinary Business

### 1. Audited Financial Statements for the financial year ended 31 December 2024

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 Directors

#### (a) 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 36<sup>th</sup> AGM, Mariah Mohamad Said, Azhar Noordin, Shamsul Bahar Ahamad Zainal Badri and Zahid Osman will retire and being eligible, have offered themselves for re-election.

#### (b) 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.

At the 36<sup>th</sup> AGM, Raja Azlan Shah Raja Azwa will retire and being eligible, has offered himself for re-election.

For the purpose of recommending the Directors standing for re-election at the 36<sup>th</sup> AGM, the Board had, through its Board Nomination & Remuneration Committee (BNRC) reviewed and considered the following:

- (i) the Directors' performance and contribution based on the Board Effectiveness Evaluation and Individual Directors' Performance Assessment for the financial year ended 2024 results;
- (ii) the level of independence demonstrated by the Independent Directors i.e. Mariah Mohamad Said and Azhar Noordin, and their ability to act in the best interests of the Company;
- (iii) the outcome of Conflict-of-Interest Assessment reviewed by the Board Audit Committee;
- (iv) the Directors' fitness and propriety with reference to the Directors' Fit and Proper Policy of the Company; and
- (v) the Independence confirmation by relevant Independent Directors.

# NOTICE OF ANNUAL GENERAL MEETING

Based on the aforesaid review, the Board and BNRC are satisfied that the retiring Directors have met the criteria required of an effective and contributing Director. The Board is satisfied that the Directors standing for re-election have discharged their duties and responsibilities effectively and efficiently. Noting the positive assessment results, the Board endorsed BNRC's recommendation that the retiring Directors; Mariah Mohamad Said, Azhar Noordin, Shamsul Bahar Ahamad Zainal Badri, Zahid Osman and Raja Azlan Shah Raja Azwa are eligible to stand for re-election at the 36<sup>th</sup> AGM.

Shareholders are recommended to approve the re-elections of Mariah Mohamad Said, Azhar Noordin, Shamsul Bahar Ahamad Zainal Badri, Zahid Osman and Raja Azlan Shah Raja Azwa under Ordinary Resolutions 1, 2, 3, 4 and 5, respectively.

The profile of retiring Directors is set out in the Profiles of the Board of Directors on page 156 to 160 of the Integrated Annual Report 2024.

Mariah Mohamad Said, Azhar Noordin, Shamsul Bahar Ahamad Zainal Badri, Zahid Osman and Raja Azlan Shah Raja Azwa have abstained from deliberation and voting on the resolution in respect of their re-election at the BNRC and Board meeting.

### 3. Payment of Remuneration to the NEDs for the period from 17 April 2025 until the conclusion of the next AGM of the Company to be held in 2026

The Board at its meeting held in March 2025 approved the BNRC's recommendation for the proposed revision to the NEDs' fees effective from 1 January 2025 for the shareholders' approval as set out in the right column of the table below:

Non-Executive Directors' Annual Fees	Current Fees per annum		Revised Fees per annum	
	Chairman	Member	Chairman	Member
<b>Board of Directors</b>	RM240,000	RM120,000	RM288,000	RM144,000

The proposed revision pertains to Directors' fees, while the Directors' Benefit Structure, including meeting allowances remains unchanged. It is aligned with the Directors' fees structure of PETRONAS Public Listed Companies, last reviewed in 2018.

The Company seeks shareholders' approval at the 36<sup>th</sup> AGM for the proposed payment for Directors' Fees and Benefit of an amount up to RM2,285,500.00 for the period from 17 April 2025 until the conclusion of the next AGM of the Company to be held in 2026.

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of NEDs in office until the next AGM is nine (9).

### 4. Re-appointment of Auditors

The Board Audit Committee (BAC) at its meetings on 13 February 2025 reviewed the performance of Messrs Ernst & Young PLT and recommended the re-appointment for the financial year ending 31 December 2025 (FY2025).

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.

The Board at its meeting on 18 February 2025 endorsed the BAC's recommendation to seek shareholders' approval at the 36<sup>th</sup> AGM for the appointment of Messrs Ernst & Young PLT as external auditors of the Company for the FY2025 under Resolution 7 in accordance with Section 340(1)(c) and Section 274(1)(a) of the Act.

# NOTICE OF ANNUAL GENERAL MEETING

# ADMINISTRATIVE NOTES

FOR THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

## Abstention from Voting

Any Directors referred to in Ordinary Resolution 1 to 5, who are shareholders of the Company will abstain from voting on the resolution in respect of his/her re-election at the 36<sup>th</sup> AGM.

All the NEDs who are shareholders of the Company will abstain from voting on Resolution 6 concerning remunerations of the NEDs of the Company, at the 36<sup>th</sup> AGM.

## Privacy policy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 36<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Date : Thursday, 17 April 2025  
 Time : 11.00 a.m.  
 Venue : Exhibition Hall 8C, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

## 1. REGISTRATION

- Registration will start at 8.30 a.m. at the lobby of Exhibition Hall 8AB, Level 4 and will end at a time directed by the Chairman of the AGM.
- Please produce your original MyKad/Passport (for foreigners) at the registration counter for verification and registration. Please ensure to collect your MyKad/Passport thereafter.
- Please note that no person will be allowed to register on behalf of another person even with the original MyKad/Passport of that person.
- Upon completion of the registration process, you will be given:-
  - (i) A special QR code which will be generated for you to scan and access to the e-polling system using own smartphone/tablet; and
  - (ii) Attendance will be recorded and identification wristband will be provided to enter the meeting hall.
- Please be reminded that there will be no replacement in the event that you lose or misplace the barcode wristband.
- Please vacate the registration area immediately after registration and proceed to the meeting hall.
- Please note that you will not be allowed to enter the meeting hall without wearing the barcode wristband.
- The registration counter will handle only verification of identity and registration. If you have any enquiries, please proceed to the Help Desk.

## 2. HELP DESK

- Please proceed to the Help Desk located at the lobby of Exhibition Hall 8AB, Level 4 for any clarification or enquiries.
- The Help Desk will also handle revocation of proxy appointments.

## 3. ENTITLEMENT TO PARTICIPATE IN THE AGM

- Only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 10 April 2025 shall be entitled to attend, speak and vote at the AGM or appoint a proxy to attend on his/her behalf.

## 4. INTEGRATED ANNUAL REPORT 2024

- The MHB Integrated Annual Report 2024 and Corporate Governance Report are available on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcements of MHB and also at MHB's website at <https://mhb.com.my/investor-relations/>.
- In support of our sustainability drive and commitment to reducing environmental impact, no printed copies of the MHB Integrated Annual Report 2024 will be provided during the 36<sup>th</sup> AGM. Shareholders are encouraged to access the digital version, which is readily available online.
- Should a printed copy be essential, it may be requested via the MHB Investor Relations Form at <https://mhb.com.my/contact-us/>. We appreciate your support in promoting environmental sustainability.

## 5. APPOINTMENT OF PROXY

- A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend and vote at the same AGM on his/her behalf. If you are unable to attend the AGM and wish to appoint a proxy to vote on your behalf, please submit your proxy form in accordance with the notes and instructions stated in the notice of AGM.

# ADMINISTRATIVE NOTES

FOR THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

- You may submit your proxy form to the office of the Share Registrar, Boardroom Share Registrars Sdn Bhd or by email to bsr.helpdesk@boardroomlimited.com not less than forty-eight (48) hours before the time appointed for the taking of the poll.
- The proxy form may also be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. For further information, kindly refer to the Table below for proxy appointment via Boardroom Smart Investor Portal (BSIP).

## Table – Proxy Appointment via BSIP:

### Step 1 – Register Online with BSIP (for first time registration only)

*Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2.*

- Access the website at <https://investor.boardroomlimited.com>.
- Click “**Register**” to sign up as a user.
- Complete registration with all the required information. Upload and attach a softcopy of your Identity Card (NRIC) (front and back) or Passport. Click “**Register**”.
- You will receive an email from BSIP Online for email address verification. Click on “**Verify Email Address**” from the email received to continue with the registration.
- For corporate shareholder, kindly upload the authorisation letter as well. Click “**Sign up**”.
- Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number.
- Click on “**Request OTP Code**” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click “**Enter**” to complete the process.
- Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
- An email will be sent to you to inform the approval of your BSIP account within one (1) business day.
- Subsequently, you can login at <https://investor.boardroomlimited.com> with the email address and password filled up by you during the registration to proceed.

### Step 2 – Appointment of Proxy

#### Individual and Corporate Shareholder

- Log in to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select “**Malaysia Marine and Heavy Engineering Holdings Berhad (36<sup>th</sup>) Annual General Meeting**” from the list of Meeting Event and click “**Enter**”.
- Click “**Submit eProxy form**”.
- Read and accept the General Terms and Conditions and enter your CDS account number.
- Enter your CDS account number and the number of shares held.
- Select your proxy — either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
- 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.
- Review and confirm your proxy(ies) appointment. Click “**Apply**”. Download or print the eProxy form as acknowledgement.

#### Authorised Nominee and Exempt Authorised Nominee

##### Via BSIP

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- Select “**Malaysia Marine and Heavy Engineering Holdings Berhad (36<sup>th</sup>) Annual General Meeting**” from the list of Meeting Event and click “**Enter**”.
- Click on “**Submit eProxy Form**”.
- Select the company you would like to represent.
- Proceed to download the file format for “**Submission of Proxy Form**” from the investor portal.
- Prepare the file for the appointment of proxy(ies) by inserting the required data.
- Proceed to upload the duly completed proxy(ies) appointment file.
- Review and confirm your proxy(ies) appointment and click “**Submit**”.
- Download or print the eProxy Form as acknowledgement.

# ADMINISTRATIVE NOTES

FOR THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

- If you wish to attend the AGM yourself, please do not submit any proxy form. You will not be allowed to attend the 36<sup>th</sup> AGM together with a proxy appointed by you.
- If you have submitted your proxy form prior to the AGM and subsequently decided to attend the 36<sup>th</sup> AGM yourself, please proceed to the Help Desk located at the lobby of Exhibition Hall 8AB, Level 4 to revoke the appointment of your proxy.

## 6. REVOCATION OF PROXY

If you have submitted your proxy form prior to the 36<sup>th</sup> AGM and subsequently decide to appoint another person or wish to participate in the 36<sup>th</sup> AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com or via electronic means (as the case may be) to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the 36<sup>th</sup> AGM or proceed to the Help Desk counter on the 36<sup>th</sup> AGM day to execute proxy revocation. Upon revocation, your proxy(ies) will not be allowed to participate in the 36<sup>th</sup> AGM. In such event, you should advise your proxy(ies) accordingly.

## 7. SUBMISSION OF PRE-AGM QUESTION(S)

Shareholders may submit questions in advance on the on the 36<sup>th</sup> AGM resolutions and Integrated Annual Report 2024 commencing from Monday, 17 March 2025 and in any event no later than 11.00 a.m., Monday, 7 April 2025 via Boardroom’s website at <https://investor.boardroomlimited.com> using the same user ID and password provided by Boardroom, and select “SUBMIT QUESTION” to pose questions.

The Board will endeavour to respond to Pre-AGM Meeting Questions and questions raised on the day of the 36<sup>th</sup> AGM.

## 8. ENQUIRY

If you have any queries prior to the 36<sup>th</sup> AGM, please contact the following during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### Boardroom Share Registrars Sdn Bhd

Address	:	11 <sup>th</sup> Floor, Menara Symphony No. 5, Jalan Prof. 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

# ADMINISTRATIVE NOTES

FOR THE 36<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

## 9. RECORDING OR PHOTOGRAPHY

No recording or photography of the 36<sup>th</sup> AGM proceedings is allowed without the prior written permission of the Company.

## 10. PRIVACY POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 36<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the Purposes);
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



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 \_\_\_\_\_  
(Full name in block letters)

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 to attend and to vote for me/us on my/our behalf at the 36<sup>th</sup> Annual General Meeting (AGM) of the Company to be held at the Exhibition Hall 8C, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 17 April 2025 at 11.00 a.m. and at any adjournment thereof. My/our proxy(ies) is/are to vote as indicated below:

NO.	AGENDA	ORDINARY RESOLUTION	FOR	AGAINST	ABSTAIN
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.				
2.	To re-elect Mariah Mohamad Said, who retires pursuant to Rule 21.7 of the Company's Constitution and being eligible, offer herself for re-election.	1			
3.	To re-elect Azhar Noordin, who retires pursuant to Rule 21.7 of the Company's Constitution and being eligible, offer himself for re-election.	2			
4.	To re-elect Shamsul Bahar Ahamad Zainal Badri, who retires pursuant to Rule 21.7 of the Company's Constitution and being eligible, offer himself for re-election.	3			
5.	To re-elect Zahid Osman, who retires pursuant to Rule 21.7 of the Company's Constitution and being eligible, offer himself for re-election.	4			
6.	To re-elect Raja Azlan Shah Raja Azwa, who retires by rotation pursuant to Rule 21.8 of the Company's Constitution and being eligible, offer himself for re-election.	5			
7.	To approve the payment of Non-Executive Directors' (NEDs) Remuneration which comprises Fees and Benefit up to RM2,285,500.00 for the period from 17 April 2025 until the conclusion of the next AGM of the Company to be held in 2026.	6			
8.	To re-appoint Messrs Ernst & Young PLT, as Auditors of the Company, for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration.	7			

Please indicate with a cross (X) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2025

\_\_\_\_\_  
Signature/Common Seal of member(s)

\*Contact No.: \_\_\_\_\_

\*Email : \_\_\_\_\_

The proportion of my/our shareholdings to be represented by the proxies:

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
<b>TOTAL</b>		

\* shareholders are kindly requested to provide their valid contact number and email address to update the shareholders' database

**NOTES:**

1. Only depositors whose names appear in the General Meeting Record of Depositors or Register of Members as at 10 April 2025 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 Companies Act 2016 (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 Company's Constitution.
7. The proxy form must be signed by the appointor of the proxy, or its attorney duly authorised in writing. In the case of a corporation, the proxy form 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 appointment of proxy may be made in a hardcopy form or by electronic means as specified below and must be received by the Company not less than forty-eight (48) hours before the time appointed for the holding the 36th AGM, or in the event the 36th AGM is adjourned, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the adjourned 36th AGM:
  - (a) In hardcopy form: The original proxy form shall be deposited at the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. (Boardroom), 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - (b) By electronic means: The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Notes for the procedures on electronic lodgment of proxy form. Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).
9. Pursuant to Paragraph 8.29A1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad voting at the AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-voting process and verify the results of the poll, respectively.

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**

11<sup>th</sup> Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13, 46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Please fold here to seal