



Synergising Partnerships

PETRA ENERGY BERHAD • Annual Report 2021

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SYNERGISING PARTNERSHIPS

At PETRA, we believe our competitive edge lies in the synergies formed with all our stakeholders; clients, business partners and vendors, shareholders, employees and the investment community, partnerships that have helped us grow over the years, and synergies that will strengthen our resilience in this industry. The cover design reflects the key themes of diversity, dynamism and transformation to ensure our resilience, all of which are an inherent part of PETRA's ongoing journey towards realising its vision of being a Sustainable Energy Company.



VISION STATEMENT

**TO BE A
SUSTAINABLE
ENERGY
COMPANY**



OUR BEHAVIOURS

We aspire to embed these desired behaviors in the way we undertake our business as we strive to become a Sustainable Energy Company.



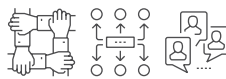
ACCOUNTABILITY & OWNERSHIP

- I promise, I deliver
- It starts with me and ends with me
- Think and act with an owner mindset
- The buck stops here, with me
- Transparency
- I see, I own and I fix



INNOVATION

- There is always a better way
- Think out of the box
- Proactive & Energetic
- Innovation comes from necessity
- We learn from our failures and challenges
- Continuous learning



DIVERSITY & INCLUSIVENESS

- Strength lies in diversity
- You never work alone
- All for one and one for all
- All ideas matters
- Open culture
- Connected & engaged teams



#PETRAcares

- No harm to people, planet & profits
- We intervene because we CARE
- We are one family
- We listen
- We help and support each other
- We care for the health and well being of everyone.



INTEGRITY

- We promise integrity in all that we do
- We are trustworthy and honest
- We have principles
- We can be counted on to behave honourably even when no one is watching
- We are fair and transparent in all our dealings
- We abide by the MACC Act Section 17A Corporate Liability”

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting (“AGM”) of PETRA Energy Bhd. will be held on a fully virtual basis at the Broadcast Venue at Meeting Room, Level 3, Menara OBYU, 4 Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 May 2022 at 11:00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | (Please refer to Notes No. 1) |
| 2. To approve the payment of Directors’ fees payable to the Non-Executive Directors amounting to RM522,000.00 from 26 May 2022 until the next AGM of the Company. | (Resolution 1) |
| 3. To approve the payment of Directors’ benefits up to an amount of RM63,800.00 from 26 May 2022 until the next AGM of the Company. | (Resolution 2) |
| 4. To re-elect the following Directors, who are due to retire in accordance with Clause 117 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
(a) Mr. Simon Ong; and
(b) Encik Abdul Rahim bin Abdul Hamid | (Resolution 3)
(Resolution 4) |
| 5. To approve and ratify the additional payment of Directors’ fees amounting to RM130,500.00, which was in excess of the earlier approved amount of RM391,500.00, for the period commencing 21 May 2021 until the conclusion of the Sixteenth AGM of the Company scheduled to be convened on 25 May 2022. | (Resolution 5) |
| 6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | (Resolution 6) |

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following Ordinary Resolutions:-

- | | |
|---|-----------------------|
| 7. ORDINARY RESOLUTION NO. 1
- RETENTION OF ENCIK ABDUL RAHIM BIN ABDUL HAMID AS AN INDEPENDENT DIRECTOR | (Resolution 7) |
|---|-----------------------|

“THAT Encik Abdul Rahim bin Abdul Hamid, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years since 13 July 2019, be and is hereby retained as an Independent Director of the Company.”

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION NO. 2**

(Resolution 8)

- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

“THAT subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

9. **ORDINARY RESOLUTION NO. 3**

(Resolution 9)

- **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and its subsidiaries (**“the Group”**) to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Parties as specified in Section 2.5 of the Circular/Statement to Shareholders dated 26 April 2022, provided that such transactions are:-

- a) recurrent transactions of a revenue or trading nature;
- b) necessary for the Group’s day-to-day operations;
- c) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- d) not to the detriment of minority shareholders,

(the **“Mandate”**);

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting (**“AGM”**) of the Company following this AGM at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

whichever is the earlier;

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate.”

10. ORDINARY RESOLUTION NO. 4

(Resolution 10)

- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“Proposed Renewal of Share Buy-Back Authority”)

“THAT subject to the Companies Act 2016 (“**the Act**”), Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements, the Constitution of the Company, and all other applicable laws, rules and regulations, approval be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- a) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any); and
- b) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion to cancel all the shares so purchased; and/or retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or retain part thereof as treasury shares and cancel the remainder; or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company.”

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

11. To consider any other business for which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
LIM LIH CHAU (SSM PC NO. 201908001454) (LS0010105)
Company Secretaries

Kuala Lumpur
26 April 2022

Explanatory Notes to Special Business:

1. Retention of Encik Abdul Rahim bin Abdul Hamid (“Encik Rahim”) as an Independent Director

Encik Rahim was appointed as an Independent Director of the Company on 13 July 2010 and has served the Board for a cumulative term of more than nine (9) years since 13 July 2019. The Board of Directors of the Company through its Nominating Committee, after having assessed the independence of Encik Rahim, regards him to be independent based amongst others, the following justifications, and recommends that Encik Rahim be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance:-

- (a) Encik Rahim has fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements:-
- is not an executive director of the Company or any related corporation (each corporation is referred to as “**said Corporation**”);
 - has not been within the last three (3) years and is not an officer (except as a non-executive director) of the said Corporation. [“**officer**” has the meaning given in Section 2 of the Companies Act 2016];
 - is not a major shareholder of the said Corporation;
 - is not a family member of any executive director, officer or major shareholder of the said Corporation;
 - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
 - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad (“**the Exchange**”) or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
 - is not a director who is accepting compensation from the said Corporation, other than compensation for board service for the current or immediate financial year; or
 - is not having a relationship which would interfere with the exercise of independent judgement in carrying out the functions as a director or a chairman/member of the Audit Committee, Remuneration Committee and Board Risk Management Committee and Nominating Committee.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

- (b) Encik Rahim has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Encik Rahim has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Encik Rahim has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Group Chief Executive Officer and major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Encik Rahim does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

2. Authority to Issue Shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares of not more than 10% of the total issued shares capital for the time being pursuant to the Companies Act 2016 at the Sixteenth AGM of the Company (hereinafter referred to as the "**General Mandate**").

The Company had been granted a general mandate by its shareholders at the last AGM of the Company held on 20 May 2021 (hereinafter referred to as the "**Previous Mandate**"). As at the date of this notice of Sixteenth AGM, the Company did not implement any proposal for new allotment of shares under the Previous Mandate. Therefore, no proceeds have been raised under the Previous Mandate.

The purpose for the Company to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

3. Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Resolution 9 is intended to enable the Company and its subsidiaries ("**the Group**") to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular/Statement to Shareholders dated 26 April 2022, for more information.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

4. Proposed Renewal of Authority for the Company to Purchase its Own Shares

The Proposed Resolution 10 is intended to allow the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 26 April 2022, for more information.

Notes:-

1. This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2022 shall be eligible to attend and vote at the Meeting.
3. A member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. There shall be no restriction as to the qualification of the proxy. The proxy(ies) appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) 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.
7. The completed instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshshb.com.my, not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshshb.net.my/> before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

ADMINISTRATIVE GUIDE

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

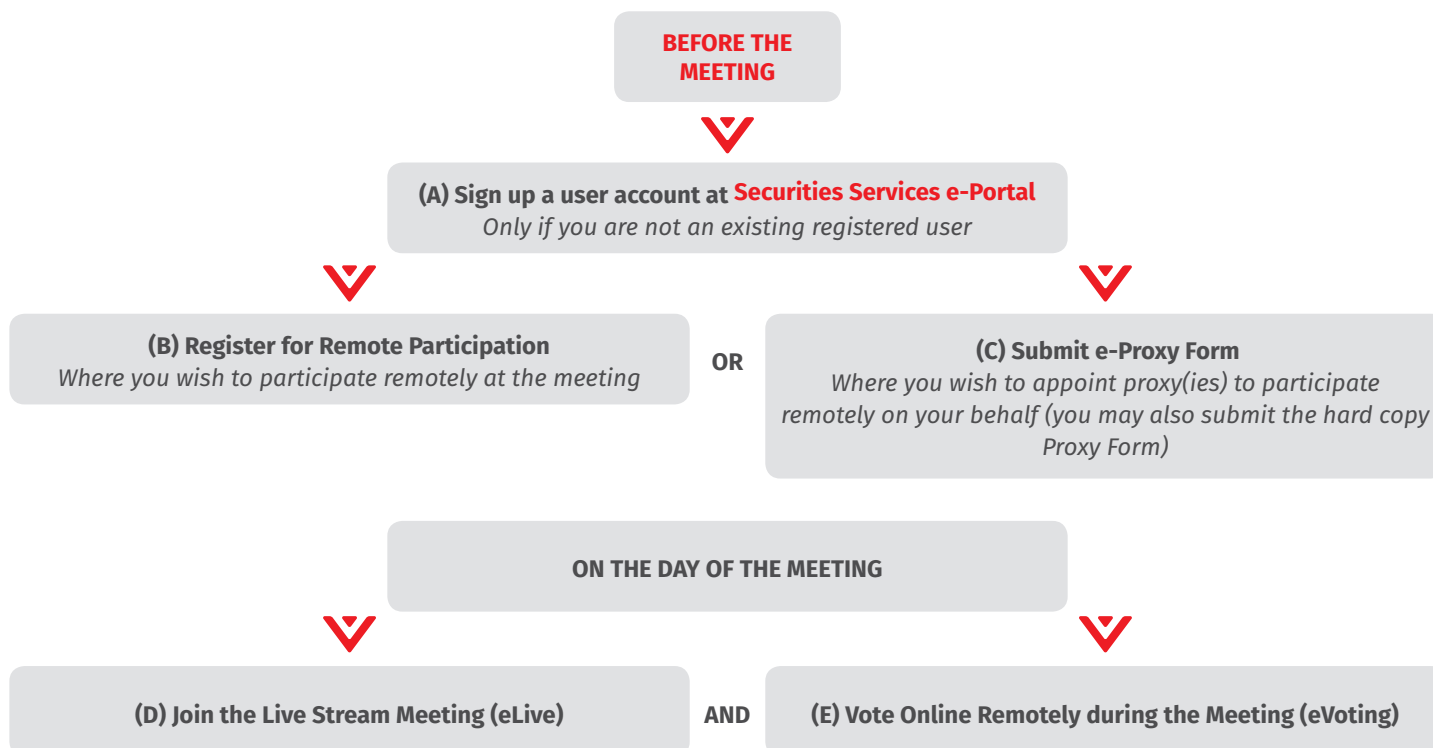
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “e-Services”)

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Petra Energy Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.



ADMINISTRATIVE GUIDE

BEFORE THE MEETING	
(A) Sign up for a user account at Securities Services e-Portal	
<p>Step 1 Visit https://sshsb.net.my/</p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p>	<ul style="list-style-type: none"> This is a ONE-TIME registration. If you already have a user account, you need not register again. Your email address is your User ID. Please proceed to either (B) or (C) below once you are a registered user.
<p>To register for the meeting under (B) below, please sign up for a user account by <u>23 MAY 2022</u>.</p> <p>To submit e-Proxy Form under (C) below, please sign up for a user account by <u>19 MAY 2022</u>, failing which you may only be able to submit the hard copy proxy form.</p> <p>This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.</p>	
(B) Register for Remote Participation at the Meeting	
<ul style="list-style-type: none"> Log in to https://sshsb.net.my/ with your registered email and password Look for Petra Energy Berhad under Company Name and 16th AGM on 25 May 2022 at 11:00 a.m. – Registration for Remote Participation under Corporate Exercise / Event and click ">" to register for remote participation at the meeting. 	
<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> Individual shareholder Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.</i></p> <p>Step 2 Submit your registration.</p>	<ul style="list-style-type: none"> All shareholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as at 17 May 2022. A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). Your registration will apply to all the CDS account(s) of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate. As the meeting will be conducted on a virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

ADMINISTRATIVE GUIDE

(C) Submit e-Proxy Form	
Meeting Date and Time	Proxy Form Submission Closing Date and Time
Wednesday, 25 May 2022 at 11:00 a.m.	Monday, 23 May 2022 at 11:00 a.m.
<ul style="list-style-type: none"> Log in to https://sshbsb.net.my/ with your registered email and password Look for Petra Energy Berhad under Company Name and 16th AGM on 25 May 2022 at 11:00 a.m. – Submission of Proxy Form under Corporate Exercise / Event and click “>” to submit your proxy forms online for the meeting by the submission closing date and time above. 	
<p>Step 1 Check if you are submitting the proxy form as –</p> <ul style="list-style-type: none"> Individual shareholder Corporate or authorised representative of a body corporate <p><i>For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted at SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.</i></p> <p>Step 2 Enter your CDS account number or the body corporate’s CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies). You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.</p> <p>Step 3 Proceed to indicate how your votes are to be casted against each resolution.</p> <p>Step 4 Review and confirm your proxy form details before submission.</p> <ul style="list-style-type: none"> A copy of your submitted e-Proxy Form can be accessed via My Records (refer to the left navigation panel). You need to submit your e-Proxy Form for every CDS account(s) you have or represent. 	
<p>PROXIES</p> <p>All appointed proxies need not register for remote participation under (B) above but if they are not registered users of the e-Portal, they will need to sign up as users of the e-Portal under (A) above by 19 MAY 2022. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, <u>provided the proxy must be a registered user of the e-Portal</u>, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.</p>	
<p>ON THE DAY OF THE MEETING</p>	
<p>Log in to https://sshbsb.net.my/ with your registered email and password</p>	
(D) Join the Live Stream Meeting (eLive)	
Meeting Date and Time	eLive Access Date and Time
Wednesday, 25 May 2022 at 11:00 a.m.	Wednesday, 25 May 2022 at 10:30 a.m.
<ul style="list-style-type: none"> Look for Petra Energy Berhad under Company Name and 16th AGM on 25 May 2022 at 11:00 a.m. – Live Stream Meeting under Corporate Exercise / Event and click “>” to join the meeting. 	
<ul style="list-style-type: none"> The access to the live stream meeting will open on the abovementioned date and time. If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/ Management/ relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user. 	

ADMINISTRATIVE GUIDE

(E) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	eVoting Access Date and Time
Wednesday, 25 May 2022 at 11:00 a.m.	Wednesday, 25 May 2022 at 11:00 a.m.
<ul style="list-style-type: none"> • If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR • If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for Petra Energy Berhad under Company Name and 16th AGM on 25 May 2022 at 11:00 a.m. – Remote Voting under Corporate Exercise / Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the meeting. 	
<p>Step 1 Cast your votes by clicking on the radio buttons against each resolution.</p> <p>Step 2 Review your casted votes and confirm and submit the votes.</p> <ul style="list-style-type: none"> • The access to eVoting will open on the abovementioned date and time. • Your votes casted will apply throughout <u>all</u> the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder’s indicated votes in the proxy form. • The access to eVoting will close as directed by the Chairman of the meeting. • A copy of your submitted e-Voting can be accessed via My Records (refer to the left navigation panel). 	

BUSINESS OVERVIEW

Future Strategy

Our vision is to be a
SUSTAINABLE ENERGY
COMPANY.

Our Commitments

- ESG PRINCIPLES
- HEALTH, SAFETY & ENVIRONMENT - #PETRACARES
- INTEGRITY
- BUSINESS DEVELOPMENT
- FINANCIAL DISCIPLINE
- DEVELOPING COMPETENCY AND CAPACITY
- DEVELOPING PEOPLE & COMMUNITIES

PETRA began 30 years ago starting our journey from a small onshore workshop in Piasau, Miri Sarawak, a business that we still maintain.

Today, the Group provides solutions for the oil and gas industry, specialising in the development and production of petroleum, the operations and maintenance of oilfields, integrated brown field maintenance & engineering; marine offshore support, and engineering & project management services.



BUSINESS OVERVIEW



DEVELOPMENT AND PRODUCTION

- Development and Production of petroleum from Banang small field offshore Terengganu, Malaysia
- Petroleum Contract relating to Exploration, Development and Production of Petroleum in Block SK433, Onshore Sarawak



INTEGRATED BROWNFIELD AND OFFSHORE MARINE SERVICES

- Hook-up Construction Commissioning and Topside Major Maintenance
- Project Management, Procurement and Logistics
- Engineering, Operations and Maintenance
- Oil Field Optimisation
- Equipment, Packaging and Manufacturing



MARINE ASSETS

The Group owns and operates 3 Accommodation and work barges, 4 workboats, 1 AHTS vessel and 1 Mobile Offshore Production Unit (MOPU) to support its operations .

Our service offerings include:



COMPETENT PROJECT MANAGEMENT TEAM AND SKILLED WORKFORCE

The Group's highly skilled technical workforce and crew are led by a core team of professionals. Our technical human capital assets comprises skilled staff in project engineering, various engineering disciplines, marine professionals and technical support staff. We also have the manpower strength of up to 2,000 offshore crew during peak operations.



FABRICATION YARDS

The Group's fabrication yards provide fabrication and construction services, whilst serving as hubs for equipment supplies, storage and logistics. Onshore operationwise, our assets include one main fabrication yard and warehouse and two leased laydown and secondary fabrication yards in Labuan.

CORPORATE STRUCTURE



PETRA

PETRA ENERGY BHD.

[Registration No.
200501036241 (718388-H)]

SERVICES SEGMENT

PETRA ENERGY SERVICES SDN. BHD.

[Registration No. 201301020528
(1050358-H)]
100%

PETRA FABRICATORS SDN. BHD.

[Registration No. 199701010321
(425817-H)]
100%

PETRA SERVICES SDN. BHD.

[Registration No. 200801012309
(813597-T)]
100%

PETRA RESOURCES SDN. BHD.

[Registration No. 198801005605
(172962-D)]
100%

PETRA MARINE SDN. BHD.

[Registration No. 200801010962
(812250-D)]
100%

PE INDUSTRIAL RESOURCES SDN. BHD.

[Registration No. 199701037160
(452660-P)]
100%

PE RESOURCES LTD.

(LL10146)
100%

PETRA SERIKANDI ENGINEERING DESIGN SERVICES SDN. BHD.

[Registration No. 202101017017
(1417317-D)]
51% JOINT VENTURE

PE SHP MANAGEMENT SDN. BHD.

[Registration No. 200801040461
(841812-U)]
100%

MARINE ASSETS SEGMENT

PETRA ENERGY CAPITAL SDN. BHD.

[Registration No. 201301036743
(1066572-A)]
100%

PE CHALLENGER LTD.

(LL10047)
100%

PE MARINE LTD.

(LL09503)
100%

PE MARINE ONE LTD.

(LL06749)
100%

RENEWABLE ENERGY SEGMENT

PETRA ENERGY SOLUTION SDN. BHD.

[Registration No. 201801011855
(1273871-M)]
100%

UPSTREAM

PETRA ENERGY DEVELOPMENT SDN. BHD.

[Registration No. 200801005231
(806515-A)]
100%

PE DEVELOPMENT LTD.

(LL09925)
100%

KHAUSAR ENERGY SDN. BHD.

[Registration No. 201801004571
(1266585-W)]
50% JOINT VENTURE

COASTAL ENERGY KBM SDN. BHD.

[Registration No. 201201027365
(1011855-W)]
30%

PETRA UPSTREAM MALAYSIA SDN. BHD.

[Registration No. 202001014796
(1371116-D)]
100%

PETRA ENERGY MOPU SDN. BHD.

[Registration No. 202001013055
(1369375-W)]
100%

CORPORATE INFORMATION

BOARD OF DIRECTORS

- 1) **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
(Chairman/Independent Non-Executive Director)
- 2) **Abdul Rahim bin Abdul Hamid**
(Senior Independent Non-Executive Director)
- 3) **Ng Ing Peng**
(Independent Non-Executive Director)
- 4) **Gian Carlo Maccagno**
(Non-Independent Non-Executive Director)
- 5) **Dato' Anthony @ Firdauz bin Bujang**
(Executive Director/Group Chief Executive Officer)
- 6) **Dato Ahmadi bin Yusoff**
(Executive Director)
- 7) **Simon Ong**
(Executive Director)

AUDIT COMMITTEE

- 1) **Abdul Rahim bin Abdul Hamid** (Chairman)
- 2) **Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**
- 3) **Gian Carlo Maccagno**
- 4) **Ng Ing Peng**

NOMINATING COMMITTEE

- 1) **Ng Ing Peng** (Chairwoman)
- 2) **Abdul Rahim bin Abdul Hamid**

REMUNERATION COMMITTEE

- 1) **Abdul Rahim bin Abdul Hamid** (Chairman)
- 2) **Gian Carlo Maccagno**
- 3) **Ng Ing Peng**

BOARD RISK MANAGEMENT COMMITTEE

- 1) **Abdul Rahim bin Abdul Hamid** (Chairman)
- 2) **Gian Carlo Maccagno**
- 3) **Simon Ong**

COMPANY SECRETARIES

- 1) **Chua Siew Chuan**
(MAICSA 0777689 / SSM PC NO. 201908002648)
- 2) **Lim Lih Chau** (LS0010105 / SSM PC NO. 201908001454)

AUDITORS

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral,
Jalan Rakyat,
Kuala Lumpur Sentral,
P.O. Box 10192,
50706 Kuala Lumpur,
Wilayah Persekutuan

HEADQUARTERS

Suite 13-02, Level 13,
Menara OBYU,
4, Jalan PJU 8/8A,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-7726 5576
Fax : 03-7726 3686
Email : peb.corporate@penergy.com.my

REGISTERED OFFICE

Suite 13-02, Level 13,
Menara OBYU,
4, Jalan PJU 8/8A,
Bandar Damansara Perdana,
47820 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-7726 5576
Fax : 03-7726 3686
Email : peb.corporate@penergy.com.my
Website : www.PETRAenergy.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd. [Registration No. 197701005827 (36869-T)]
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

BANKERS

- i) OCBC Bank (Malaysia) Berhad
[Registration No. 199401009721 (295400-W)]
- ii) Malayan Banking Berhad [196001000142 (3813-K)]
- iii) United Overseas Bank (Malaysia) Berhad
[199301017069 (271809-K)]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Berhad

Sector : Energy
Stock Code : 5133
Stock Name : PENERGY

BOARD OF DIRECTORS

TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

(Chairman/Independent Non-Executive Director)



ABDUL RAHIM BIN ABDUL HAMID

(Senior Independent Non-Executive Director)



NG ING PENG

(Independent Non-Executive Director)



GIAN CARLO MACCAGNO

(Non-Independent Non-Executive Director)



BOARD OF DIRECTORS

DATO' ANTHONY@ FIRDAUZ BIN BUJANG

(Executive Director/Group Chief Executive Officer)



DATO AHMADI BIN YUSOFF

(Executive Director)



SIMON ONG

(Executive Director)



BOARD OF DIRECTORS' PROFILE



TAN SRI DATUK SERI PANGLIMA SULONG BIN MATJERAIE

Chairman/Independent Non-Executive Director

Malaysian, aged 75, Male

Date of appointment as Director:

28 August 2014

Length of service as Director since appointment (as at 25 April 2022):

7 years 7 months

Board Committee(s) served on:

Member of the Audit Committee

Academic/ Professional Qualification(s)/ Recognition:

- B.A. (Hons) Degree, University of Malaya (1970)
- Inns of Court School of Law, London
- Called to the Bar of England and Wales in the Trinity Term by the Honourable Society of Inner Temple, London (1974)
- Master of Laws (LLM), University of Southampton, (1977)
- Certificate in Advanced Management, Banff School of Advanced Management, Alberta, Canada (1978)

Working Experience:

- Bintulu District Officer
- State Training Officer Sarawak
- Secretary of the Government Examination Board
- Director of Civic Development Unit
- Secretary of Complaints Suggestions Bureau
- General Manager of Sarawak Timber Industry Development Corporation
- General Manager of Bintulu Development Authority
- Senior Partner, Messrs. Sulong Matjeraie & Co
- Chairman, Kuching Division of the Advocates Association of Sarawak
- President, The Advocates Association of Sarawak
- Judicial Commissioner, High Court of Malaya, Johor (1998)
- Judge, High Court of Malaya, Johor Bahru (2000)

- Judge, High Court of Sabah and Sarawak, Kota Kinabalu, Sabah
- Judge, Court of Appeal
- Federal Court Judge, Federal Court of Malaysia, Palace of Justice, Putrajaya
- One of the four eminent persons to serve as member of the Judicial Appointments Commission
- Bencher of the prestigious Honourable Society of Inner Temple, London
- Chairman of the Board of Directors of University of Malaysia, Sarawak (Unimas) (2018)
- Advisory Council, Asian International Arbitration Centre (AIAC) (2021)

Present Directorship(s) in other Public/ Listed Companies:

- Ho Hup Construction Company Berhad
- Southern Acids (M) Berhad
- W T K Holdings Berhad

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Tan Sri Sulong attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



ABDUL RAHIM BIN ABDUL HAMID

Senior Independent Non-Executive
Director

Malaysian, aged 71, Male

Date of appointment as Director:

13 July 2010

**Length of service as Director since
appointment (as at 25 April 2022):**

11 years 9 months

Encik Rahim was appointed as Independent Non-Executive Director on 13 July 2010 and was subsequently redesignated as Senior Independent Non-Executive Director of the Company on 11 May 2011

Board Committee(s) served on:

- Chairman of the Audit Committee
- Chairman of the Board Risk Management Committee
- Member of the Nominating Committee
- Chairman of the Remuneration Committee

**Academic/ Professional Qualification(s)/
Recognition:**

- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

Working Experience:

- Coopers & Lybrand (previously known as Cooper Brothers & Co.) (1971-1993)
- Chief Executive of Coopers & Lybrand (previously known as Cooper Brothers & Co.) (1993-1998)
- Deputy Executive Chairman of PricewaterhouseCoopers (1998-June 2004)

**Present Directorship(s) in other Public/
Listed Companies:**

- AEON Co. (M) Berhad
- GFM Services Berhad

**Family Relationship with any Director and/
or Major Shareholder of the Company:**

Nil

**Disclosure of Conflict of Interests with the
Company:**

Nil

**Conviction for Offences within the past 5
years and any Public Sanction or Penalty
imposed by relevant regulatory bodies
(other than Traffic Offences) during the
financial year end:**

Nil

**Number of Board Meetings attended in
the financial year end:**

Encik Rahim attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



NG ING PENG

Independent Non-Executive Director

Malaysian, aged 65, Female

Date of appointment as Director:

14 May 2015

Length of service as Director since appointment (as at 25 April 2022):

6 years 11 months

Madam Ng was appointed as Executive Director of the Company on 14 May 2015 and was redesignated as Non-Independent Non-Executive Director on 31 December 2016 and subsequently redesignated as Independent Non-Executive Director of the Company on 2 January 2019

Board Committee(s) served on:

- Member of the Audit Committee
- Chairman of the Nominating Committee
- Member of the Remuneration Committee

Academic/ Professional Qualification(s)/ Recognition:

- Bachelor of Accounting, University Malaya
- Member of Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Working Experience:

- Executive Director and Group Chief Financial Officer of PETRA Energy Berhad
- Head of Group Finance of CIMB Investment Bank Berhad
- Head of Operations of PB Securities Sdn. Bhd.
- Financial Controller of RSH (Malaysia) Sdn. Bhd. and Reebok (M) Sdn. Bhd.

- Manager of KPMG Management Consulting division
- Senior Auditor of Ernst & Whinney (now known as Ernst & Young)
- Audit Executive of Thornton Baker Chartered Accountants, London
- Financial Accountant of Penang Development Corporation

Present Directorship(s) in other Public/ Listed Companies:

- Red Sena Berhad (in liquidation)
- MR D.I.Y. Group (M) Berhad

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Madam Ng attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



GIAN CARLO MACCAGNO

Non-Independent Non-Executive Director

Italian, aged 58, Male

Date of appointment as Director:

18 September 2012

Length of service as Director since appointment (as at 25 April 2022):

9 years 7 months

Board Committee(s) served on:

- Member of the Audit Committee
- Member of the Board Risk Management Committee
- Member of the Remuneration Committee

Academic/ Professional Qualification(s)/ Recognition:

Bachelor in Business Administration from Tecnico Commerciale Maddalena Adria (RO) Italy

Working Experience:

- Trainee in Production and Project Management for Socotherm S.R.L, Italy (1984-1987)
- Project Manager for Socotherm S.R.L in Nigeria (1987-1990)
- Petro-Pipe Industries (M) Sdn. Bhd. in Malaysia (1990)
- Country Manager for Socotherm S.R.L in Taiwan (1991-1992)
- General Manager of Wasco Coatings Malaysia Sdn. Bhd. in Malaysia (1993)
- Deputy Managing Director of Wah Seong Corporation Berhad
- Chief Executive Officer of Wasco Energy Group of Companies

Present Directorship(s) in other Public/ Listed Companies:

The only directorship of Mr. Maccagno in other public company or listed company is Wah Seong Corporation Berhad

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Mr. Maccagno attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



DATO' ANTHONY @ FIRDAUZ BIN BUJANG

Executive Director/Group Chief Executive Officer

Malaysian, aged 62, Male

Date of appointment as Director:

18 September 2012

Length of service as Director since appointment (as at 25 April 2022):

9 years 7 months

Board Committee(s) served on:

Nil

Academic/ Professional Qualification(s)/ Recognition:

- Degree in Economics (Business Admin), University Malaya
- Higher Professional Diploma in Management, University of Cambridge
- Executive MBA in International Marketing, University of Berne, Switzerland

Working Experience:

- Accountant in Bank Utama Malaysia Berhad (1983)
- Secretary and Adviser to Major Tender Board for Sarawak Shell Berhad (1988-1996)
- Head of General Contracts and Head of Strategy for Sarawak Shell Berhad (1988-1996)
- Head of Strategy, Planning & Procurement for Shell Gabon, Republic of Gabon, West Africa (1988-1996)
- Chief Executive of Eastbourne Services Sdn. Bhd. (1996 to 2000)
- Director of Operations for TV3
- Chief Executive Officer for NTV7
- Group Chief Executive Officer for The NSTP (M) Berhad
- Board Member, Tourism Malaysia Berhad

Present Directorship(s) in other Public/ Listed Companies:

- Chairman, Audit Committee, Tourism Malaysia
- Appointed Industry Distinguished Research Fellow by Universiti Utara Malaysia

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Dato' Anthony attended eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



DATO AHMADI BIN YUSOFF

Executive Director

Malaysian, aged 62, Male

Date of appointment as Director:

18 February 2010

Length of service as Director since appointment (as at 25 April 2022):

12 years 2 months

Board Committee(s) served on:

Nil

Academic/ Professional Qualification(s)/ Recognition:

Bachelor of Arts (Honours), Universiti Sains Malaysia

Working Experience:

Dato Ahmadi held various key management positions with experience spanning over 17 years in the rural electrification, media, agro-chemical, construction, plantation and trading sectors

Present Directorship(s) in other Public/ Listed Companies:

Dato Ahmadi does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Dato Ahmadi is the brother of Tan Sri Bustari bin Yusuf, who is deemed interested by virtue of his interest in Shorefield Resources Sdn. Bhd., a Major Shareholder of the Company

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Dato Ahmadi attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

BOARD OF DIRECTORS' PROFILE



SIMON ONG

Executive Director

Malaysian, aged 68, Male

Date of appointment as Director:

22 February 2018

Length of service as Director since appointment (as at 25 April 2022):

4 years 2 months

Board Committee(s) served on:

Member of the Board Risk Management Committee

Academic/ Professional Qualification(s)/ Recognition:

- Bachelor in Chemical Engineering (Hons) from the University of Malaya and Master in Business Administration from Rotterdam School of Management
- Member of the Institution of Chemical Engineer and a Chartered Engineer
- In 2018, Mr. Simon Ong received the Distinguished Achievement Award for Individuals from OTC-Asia for his contribution to the development of the Oil and Gas Industry in Malaysia. The OTC is the world's largest Oil and Gas conference which is held annually in Houston. OTC-Asia is a bi-annual event whose inaugural conference was held in Kuala Lumpur in 2014

Working Experience:

- His 38 years broad upstream experience includes Engineering, Project Management, Maintenance and Upstream Mergers & Acquisitions and Asset Management for Shell Non-Operated Ventures
- Prior to retiring from the Royal Dutch Shell in 2017, Mr Simon Ong was the Managing Director of Shell Global Solutions and the General Manager for Projects in the East.

His responsibilities included the delivery of two mega deep-water projects in Malaysia, the Gumusut-Kakap and the Malikai projects as well as leading the Shell Project and Technology Function in Malaysia. He was also a member of Shell Malaysia's Country Coordination Team

- Mr. Simon Ong has had several international assignments with Royal Dutch Shell Group, namely in Australia, The Netherlands and Canada
- In March 2012, he was elected to the Board of the Institution of Chemical Engineer, Malaysia for year 2013

Present Directorship(s) in other Public/ Listed Companies:

Mr. Simon Ong does not hold any directorship in other public company and listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Number of Board Meetings attended in the financial year end:

Mr. Simon Ong attended all eight (8) Board Meetings held in the financial year ended 31 December 2021

PROFILE OF KEY SENIOR MANAGEMENT



MOHAMAD SUBKY BIN BUSTARI

Chief Executive Officer,
PETRA Resources Sdn. Bhd.

Malaysian, aged 38, Male

Date first appointed to the Key Senior Management Position:

1 June 2011

Academic/ Professional Qualification(s):

BA Commerce/ BA Arts from Curtin University of Technology, Perth, Australia

Working Experience:

- Joined PETRA Energy Berhad as General Manager, Strategic Planning & Business Development prior to his appointment as Director, Business Development
- Appointed as Director of Shorefield Sdn. Bhd., a subsidiary company of OBYU Holdings Sdn. Bhd. ("OBYU") until 2011
- Appointed as Director of KACC Construction Sdn. Bhd.

Present Directorship(s) in other Public/ Listed Companies:

Encik Mohamad Subky does not hold any directorship in other public company or listed company but he sits on the Board of several private companies under the PEB Group and OBYU Group

Family Relationship with any Director and/ or Major Shareholder of the Company:

Encik Mohamad Subky is the son of Tan Sri Bustari bin Yusuf, who is deemed interested by virtue of his interest in Shorefield Resources Sdn. Bhd., a major shareholder of the Company

Disclosure of Conflict of Interests with the Company :

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



KHAIRUL ANWAR MOHAMAD

Group Chief Financial Officer

Malaysian, aged 40, Male

Date first appointed to the Key Senior Management Position:

1 January 2017

Academic/ Professional Qualification(s):

- Bachelor Degree in Accounting (Hons), Universiti Tenaga Nasional, Malaysia
- Advanced Diploma in Management Accounting, Chartered Institute of Management Accountants, United Kingdom
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow, Chartered Institute of Management Accountants, United Kingdom
- Member, Chartered Global Management Accountant

Working Experience:

- January 2017 - to Current: Group Chief Financial Officer, PETRA Energy Berhad (“PEB”)
- 2013: Joined PEB as Manager, Group Finance and has held various positions within the Group, the last being Deputy Group Chief Financial Officer prior to his current appointment
- 2011: Manager, Corporate Strategy & Development, Sapura Secured Technologies
- 2009: Assistant Manager, Corporate Strategy Department, Bank Muamalat Malaysia Berhad
- 2008: Senior Executive, Strategic Change Management, RHB Bank Malaysia Berhad
- 2006: Executive, Corporate Assurance Division, Astro All Asia Networks PLC

Present Directorship(s) in other Public/ Listed Companies:

Encik Khairul does not hold any directorship in other public company or listed company but he sits on the Board of several private companies under the PEB Group.

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



CAPTAIN SASITHARAN SOMADERAN

Chief Executive Officer,
PETRA Marine Sdn. Bhd.

Malaysian, aged 43, Male

Date first appointed to the Key Senior Management Position:

1 January 2017

Academic/ Professional Qualification(s):

Master Mariner Certificate of Competency Class 1, Jabatan Laut Malaysia

Working Experience:

2018 – Current: CEO, PETRA Marine Sdn. Bhd. (PMSB)
2014 – 2018: General Manager, PMSB
2013 – 2014: Marine Capt, PMSB
2011 – 2013 : Marine Superintendent, Bumi Armada Navigation Sdn. Bhd.
2010 – 2011 : Master Mariner, Bumi Armada Navigation Sdn. Bhd.
2006 – 2010 : Chief Officer / DPO Bumi Armada Navigation Sdn. Bhd.

Present Directorship(s) in other Public/ Listed Companies:

Capt. Sasitharan does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



SUHAINI @ ABDULLAH BIN HIPNI @ WEBB

Advisor, PETRA Energy Development
Sdn Bhd

Malaysian, aged 69, Male

Date first appointed to the Key Senior Management Position:

1 September 2015

Academic/ Professional Qualification(s):

Higher National Diploma in Plant Engineering, Master of Science (Msc ERP)

Working Experience:

- 2013 – Current: Director, PETRA Resources Sdn. Bhd
- Head Business Unit, PETRA Energy Development Sdn Bhd.
- Senior Manager, PETRONAS Carigali Sdn. Bhd. Sarawak Operation
- HSE Manager, PETRONAS Carigali Sdn. Bhd. Sarawak Operation
- Held various positions in Sarawak Shell Berhad

Present Directorship(s) in other Public/ Listed Companies:

Encik Suhaini @ Abdullah does not hold any directorship in public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



YAHYA BIN JADI

Head, Group Compliance

Malaysian, aged 57, Male

Date first appointed to the Key Senior Management Position:

1 October 2017

Academic/ Professional Qualification(s):

BSc in Aeronautical Engineering/ BBA/
MBA

Working Experience:

- Jan 2022 – current: Head of Group Compliance
- 2017-2021: Head of HSSE
- 2011-2016: Project HSSE Management – Shell P&T Malaysia
- 1992-2011: Project Management/ Mechanical Static Engineering – Sarawak Shell Berhad
- 1989-1992: Quality Management – Airod Sdn. Bhd.

Present Directorship(s) in other Public/ Listed Companies:

Encik Yahya Jadi does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



BORHAN BIN OSMAN

Head of Business Unit (SK433), PEDSB

Malaysian, aged 59, Male

Date first appointed to the Key Senior Management Position:

14 February 2022

Academic/ Professional Qualification(s):

- Chartered Project Professional – Association of Project Management (UK)
- Master of Business Administration, Curtin University of Technology
- Bachelor of Engineering (Chemical), Cleveland State University

Working Experience:

- Feb 2022-Present: Head of Business Unit for SK433, PETRA Energy Development Sdn Bhd
- Aug 2021-Feb 2022: Business Opportunity Manager, PETRA Energy Development Sdn Bhd
- Oct 2011-Jul 2021: Front End Engineering Manager, Sarawak Shell Berhad
- 2007-2011: Senior Process Engineer, Shell Global Solutions (Netherlands)
- 2000-2007: Senior Front-End Engineer, Sarawak Shell Berhad
- 1996-1999: Senior Project Engineer, Shell MDS Sdn Bhd (Malaysia)
- 1986-1995: Facilities/Process Engineer, Sarawak Shell Berhad

Present Directorship(s) in other Public/ Listed Companies:

Mr Borhan Bin Osman does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



ELSA IYOK JAMES

Head, Group Human Capital

Malaysian, aged 38, Female

Date first appointed to the Key Senior Management Position:

1 June 2019

Academic/ Professional Qualification(s):

- Masters of Science in Project Management, Curtin University of Technology
- Bachelor of Business (Major in Human Resource Management), Edith Cowan University, Perth, Western Australia

Working Experience:

- March 2018 - May 2019: Senior Manager, Group Human Capital, PETRA Energy Berhad
- January 2015 - February 2018: Manager, Group Human Capital, PETRA Energy Berhad
- April 2011 - December 2014: Senior Executive, Group Human Capital, PETRA Resources Sdn. Bhd.
- June 2008 - March 2011: Employee Relations Executive, PETRA Resources Sdn. Bhd.

Present Directorship(s) in other Public/ Listed Companies:

Ms. Elsa Iyok does not hold any directorship in public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



NOR ASLINA BINTI ISMAL

Head, Business Services

Malaysian, aged 46, Female

Date first appointed to the Key Senior Management Position:

1 June 2019

Academic/ Professional Qualification(s):

- Bachelor of Laws (Hons), Universiti Kebangsaan Malaysia
- Admitted and enrolled as Advocate and Solicitor at High Court of Malaya, Kuala Lumpur

Working Experience:

- June 2019 - Current: Head of Business Services, PETRA Energy Bhd. (“PEB”)
- 2012: Joined PEB as Manager (Group Risk Management & Insurance) and has held various positions within the Group, the last being Head of Group Contract Commercial & Compliance and Group Admin & Insurance
- 2010: Head of Servicing Development Unit, BIB Insurance Brokers Sdn. Bhd.

Present Directorship(s) in other Public/ Listed Companies:

Ms. Nor Aslina does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



ALICIA ANN BHAGWANDAS

Head, Corporate Communications & Branding

Malaysian, aged 42, Female

Date first appointed to the Key Senior Management Position:

1 June 2019

Academic/ Professional Qualification(s):

- Group Higher Diploma Media Studies, Stamford College KL
- LCCI Professional Certificate in Marketing, Public Relations, Sales and Advertising
- Member, International Association of Business Communicators (IABC)

Working Experience:

- June 2019 - Current: Head, Corporate Communications & Branding
- 2015-2019: Manager, Group, Corporate Communications & Branding, PETRA Energy Berhad (“PEB”)
- 2010-2015: Assistant Manager, Corporate Communications, PEB
- 2004-2009: Senior Executive, Communications PETRA Perdana Bhd.
- 2001-2003: Marketing Executive, Asian Wall Street Journal

Present Directorship(s) in other Public/ Listed Companies:

Ms. Alicia Ann does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE OF KEY SENIOR MANAGEMENT



SHAHRIL BIN HASAN

Head of Group HSSE

Malaysian, aged 54, Male

Date first appointed to the Key Senior Management Position:

1 January 2022

Academic/ Professional Qualification(s):

- Bachelor of Science (Hons) in Physics, Universiti Kebangsaan Malaysia

Working Experience:

- Jan 2022 - Present: Head of Group HSSE, PEB
- Jan-Dec 2021: Head of Group HSSE (in Training), PEB
- 2017-2020: Project Manager, PETRA Resources Sdn Bhd
- 2012-2017: Project Manager, Shapadu Energy & Engineering Sdn Bhd
- 2010-2012: Project Manager, Maju Energy International Sdn Bhd
- 2010: Project Manager, Offshoreworks Construction & Engineering Sdn Bhd
- 2007-2010: Project Manager, Vastalux Sdn Bhd
- 2006-2007: Construction Superintendent (Offshore) and Project Manager, Ramunia Fabricators Sdn Bhd
- 2006: Project Manager, MB Petroleum Services (M) Sdn Bhd
- 2003-2006: Project Coordinator and Project Manager, Haven Engineering (M) Sdn Bhd and Haven Engineering Works Sdn Bhd
- 1994-2003: Project Engineer, Project Coordinator and Project Manager, Projass Enecorp Sdn Bhd and Projass Engineering Sdn Bhd

Present Directorship(s) in other Public/ Listed Companies:

Mr Shahril Bin Hasan does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

PROFILE - HEAD, GROUP INTERNAL AUDIT



FOO SEK THAI

Head of Group Internal Audit

Malaysian, aged 50, Male

Date first appointed to the Key Senior Position:

1 June 2021

Academic/ Professional Qualification(s):

- Bachelor of Accountancy, Universiti Putra Malaysia
- Malaysian Institute of Accountants, C.A. (M)
- Institute of Internal Auditors Malaysia, CMIIA

Working Experience:

- Jun 2021 - Present: Head of Group Internal Audit, PEB
- 2014 - 2021: Head of Internal Audit & Risk Management, Muhibbah Engineering (M) Bhd
- 2010 - 2014: Senior Internal Audit Manager, Audex Governance Sdn Bhd
- 2009 - 2010: Finance Manager, Crop Protection (M) Sdn Bhd
- 2009: Financial Impact Team Manager, F&N Dairies (M) Sdn Bhd
- 2005 - 2009: Internal Audit Manager, TCRS Restaurants Sdn Bhd
- 2003 - 2005: Head of Finance/ Internal Audit Manager, Rimbunan Hijau Gabon Group (Africa)
- 1997 - 2002: Internal Audit Executive, Hong Leong Bank Berhad

Present Directorship(s) in other Public/ Listed Companies:

Mr Foo Sek Thai does not hold any directorship in other public company or listed company

Family Relationship with any Director and/ or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

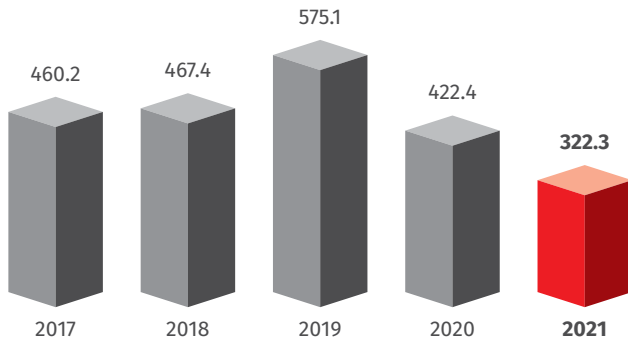
Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

FINANCIAL HIGHLIGHTS

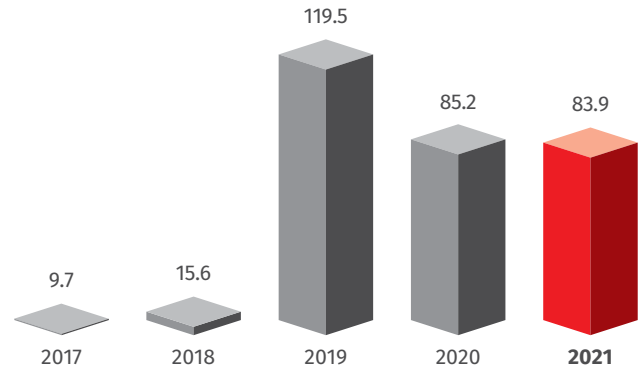
REVENUE

RM Million



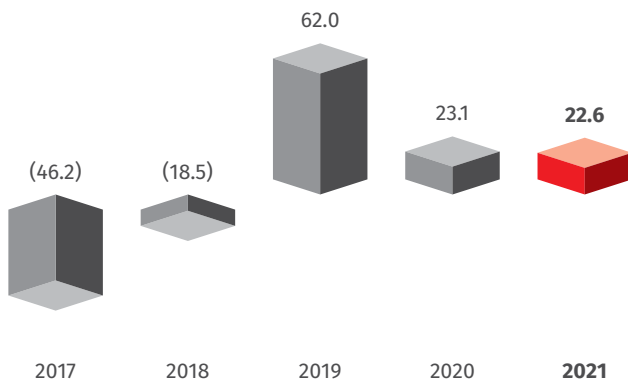
EBITDA

RM Million



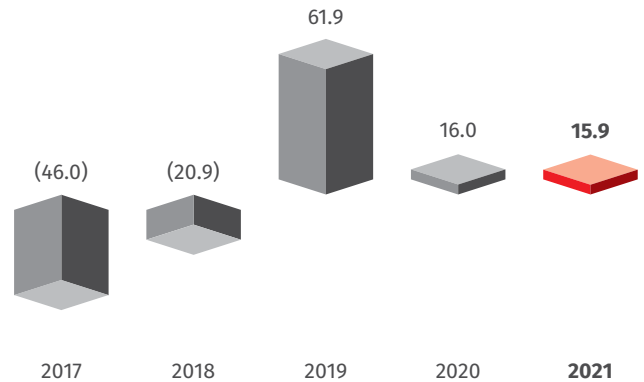
PBT/(LBT)

RM Million



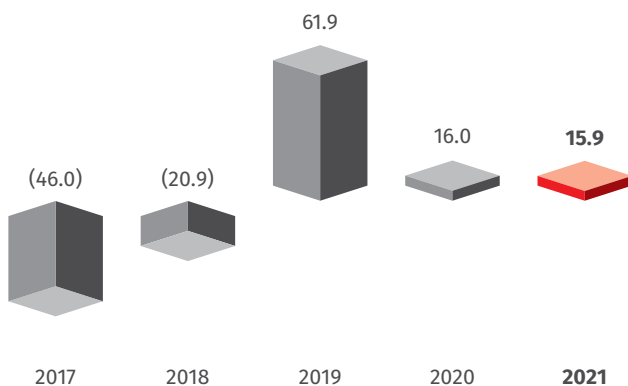
PAT/(LAT)

RM Million



PATAMI

RM Million



FINANCIAL HIGHLIGHTS

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
INCOME STATEMENT					
REVENUE	460,230	467,424	575,100	422,362	322,342
EBITDA*	9,730	15,630	119,526	85,178	83,917
Profit Before Tax (PBT)/(Loss Before Tax) (LBT)	(46,212)	(18,508)	62,030	23,061	22,569
Profit After Tax (PAT)/(Loss After Tax (LAT))	(46,033)	(20,919)	61,919	16,014	15,941
PATAMI (attributable to enquiry holders)	(46,033)	(20,919)	61,919	16,014	15,941
BALANCE SHEET					
Total assets	834,635	656,459	625,038	638,043	551,188
Total shareholders' equity	353,056	333,358	380,741	383,468	387,090
Total liabilities	481,579	323,101	244,297	254,575	164,098
Total borrowings	198,206	123,522	28,706	27,170	32,837
Dividend/share (sen)	-	-	6.0	4.0	4.0
Share price at the end of each financial year (RM per share)	0.82	0.41	1.36	1.06	0.77
Earnings per share (sen)	(14.34)	(6.52)	19.29	4.99	4.97
Net assets/share (RM)	1.10	1.04	1.19	1.19	1.20
Total cash balances (RM'million)	145.3	94.4	158.8	173.0	143.1
Net gearing ratio (Net D/E)	0.15	0.09	(0.34)	(0.38)	(0.28)

* EBITDA amount before impairment of assets and unrealised foreign exchange gain/losses.

Notes to the Total Assets

Total depreciation : RM131 million
Total impairment : RM 27 million
Total value of assets sold : RM 29 million

CALENDAR OF EVENTS 2021

21 January

PETRA Energy Bhd's ("PETRA") Group CEO, Dato' Anthony @ Firdaus Bin Bujang, participates as a panelist in the PETRONAS Contractors HSSE & Sustainability Forum



8 & 9 March

PETRA Energy Bhd participates virtually in the Women in Health Safety & Environment (WIHSE) exhibition



12 March

PETRA Energy Bhd and its subsidiaries achieved ISO14001:2015 certification in Environmental Management Systems by Lloyd's Register



15 March

PETRA Energy Bhd and its subsidiaries achieved ISO45001:2018 certification in Occupational Health and Safety Management Systems by Lloyd's Register

5-8 April

PETRA Energy Bhd participates virtually in the Re-imagining Malaysia Assets (RESET) 2021 hosted by PETRONAS

14 April

Cyber Security Awareness Sharing by En Anwer Yusoff, Cyber Security Malaysia for employees Group-wide

20 May

PETRA Energy Bhd's 15th Annual General Meeting (hybrid) at Menara OBYU, Petaling Jaya



18 June

PETRA Energy Development Sdn Bhd (PEDSB) received Conditional Letter of Award to Explore, Develop and Produce Petroleum from Block SK433, Onshore Miri, Sarawak. The Petroleum Contract was signed on 29 July 2021

CALENDAR OF EVENTS 2021



5 July

PETRA Energy Bhd's Selangor based employees and their families received their first dose of vaccine through the "Program Vaksin Selangor (SelVac)"



20 August

PETRA launched a mental health platform, PETRA Clubhouse for staff to de stress by joining a bi weekly sharing session on non-work-related topics



3 September

PETRA Energy Bhd's Groupwide Townhall



26 November

Various PETRA's subsidiaries received six awards at the Malaysian Society for Occupational Safety and Health ("MSOSH") Award

CALENDAR OF EVENTS 2021



29 November

PETRA Resources Sdn Bhd participates in Karnival Kerjaya Perdana organized by Jabatan Pembangunan Sumber Manusia in Kota Kinabalu, Sabah



6 December

PETRA Energy Bhd and its subsidiaries achieved ISO 37001:2016 certification in Anti-Bribery Management Systems by SIRIM QAS International Sdn Bhd



7 December

PETRA Energy Bhd, HSE & Integrity Day 2021 - a hybrid event with the theme #PETRACares_ComplianceAndCultureMatter

CALENDAR OF EVENTS 2021



15 December

En Yahya Jadi, Head of Group HSSE, presenting at the MOGSC Malaysia Hook Up Commissioning and Start Up (HUCSU) Congress



22 December

In the spirit of #PETRACares, staff Group-wide undertook relief efforts to aid those impacted by the floods.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS



Dear Shareholders,

On behalf of the Board of Directors of PETRA Energy Berhad (PETRA or the Group or Company), I present to you the 2021 Annual Report of the Group.

Globally, volatility still persisted throughout 2021 following the uncertainties brought upon by the COVID-19 pandemic. As oil prices rebounded during the later part of the year and began to show signs of stability, unpredictability still pervaded within the oil and gas landscape in Malaysia albeit with a renewed sense of enthusiasm. The collective efforts undertaken globally, with vaccinations gaining traction and governments lifting of restrictions to curb the impact brought on by the pandemic, began to show signs of an economic recovery.

Nevertheless, uncertainty continued throughout the upstream oil and gas value chain in Malaysia with the slowdown in activities by oil companies. This resonated

amongst service providers within the industry and was further compounded by the escalation in operational costs that arose from managing operations with COVID-19 restrictions and standard operating procedures.

The Malaysian Oil and Gas Services Council (MOGSC) highlights that it has been extremely challenging for OGSE (oil, gas, services and equipment companies) in Malaysia.

Notwithstanding the challenges, 2021 was a significant milestone year for PETRA, having been awarded the Inaugural Petroleum Contract by Petroleum Sarawak (PETROS) relating to exploration,

development and production of petroleum from onshore block SK433, Miri, Sarawak. A historically meaningful achievement as PETRA began its operation in Miri, Sarawak over 30 years ago. The petroleum contract was awarded to PETRA's subsidiary PETRA Energy Development Sdn Bhd together with its partners UZMA Engineering Sdn Bhd and Petroleum Sarawak Exploration Production Sdn Bhd, a result of a competitive bidding exercise that was managed by PETROS in Q1 2021 after stringent technical & financial essential-capability assessment and a work-programme aimed at rejuvenating exploration and production activities for Block SK433 contract area.

This is indeed a step-up for the Group as it strives to achieve the targets set-forth in its Transformation Roadmap and accelerate the company's objectives to achieve its aspiration to be a recognised Upstream Operator.

The Group's healthy balance sheet, its low borrowing position coupled with strong cash and bank balances and strong financial fundamentals allowed PETRA to withstand the challenges, sustain operations and embark on new ventures in an extremely challenging period, an accomplishment indeed for the Group.

The achievements recorded in 2021 are testament to the Group's business continuity management systems and its resilience in dealing with unprecedented

The achievements recorded in 2021 are testament to the Group's business continuity management systems and its resilience in dealing with unprecedented change.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

change. These fundamentals were thoroughly tested during the pandemic years of 2020 and 2021.

As recovery intensified in the later part of 2021, PETRA continued to focus on resource optimization, management systems certification for critical business processes, operational efficiency and embarked on a blueprint to develop a framework for the Group's sustainability journey, to align itself with the broader energy industry and global Environmental, Social, Governance ("ESG") targets.

The year 2021 began with the Transformation theme, 'Rebuilding the PETRA brand' after having completed a cost reset in 2019 and, the start of a new era in 2020. Stepping up into an operatorship role via the inaugural petroleum contract for onshore block SK433 and the Banang TSA with PETORNAS (awarded in June 2020) saw PETRA reinforce its brand and presence within the upstream segment of the oil and gas industry.

Health, Safety & Environment

The Group's safety performance remained positive with a Lost Time Injury Frequency (LTIF) rate of 0 for 2,611,134 manhours of work undertaken Group-wide during the period. In FYE2020, LTIF was recorded at 0.275 for ~3.8 million manhours. The improvement is a result of concerted efforts by our employees which included : Training on HSE competency and awareness; continuous audits both internal and external and regular HSE inspections at offices, yards, workshops, warehouses and sites. Mitigation measures are in place to minimize and avoid potential injuries at the workplace.

In 2021, PETRA achieved one Gold Merit, two Gold Class 1 awards and two Gold Class 2 awards by the Malaysian Society of Occupational Safety and Health (MSOSH), the award covers the Groups operations in Labuan, Sarawak, Sabah and Terengganu and a special award for Workplace Health Promotion award for PETRA's Fabrication Yard in Labuan. The award list is reflected in the Groups Sustainability Statement on page 56 of this report.

PETRA also attained Proactive HSE culture status based on the Energy Institute's Safety Culture Ladder. The results were tabulated based on an internal Group-wide survey (Energy Institute) across all business segments. PETRA is on a journey to Generative HSE Culture status over the next few years. The survey allowed the Group to identify areas of strengths and gaps which are the basis of the Group's Annual HSE Plan. Changing culture is an ongoing process, the Company will continue to drive health, safety and environment targets, congruent with the #PETRAcares philosophy, across the Group. The message in #PETRAcares for all our employees is simple - "we want you to come to work safely, work in a safe environment, with proper protection,

undertake work which you have the required competencies and skills for, and to go home to your family safely". We want to provide a platform and an environment where talent can thrive and be at their best".

The Company also embarked on a Group-wide ESG framework development to support the Group's Sustainability journey. This will streamline and consolidate its initiatives to ESG goals. The project is ongoing at the time of writing, the outcome of the project will provide PETRA a roadmap to drive sustainability across the Group with set measurable targets over the next five years.

As part of its sustainability efforts, all other critical business processes within the organization is in the process of being streamlined and certified to ISO standards and guidelines. In Q42021, the Group achieved ISO37001 Anti Bribery Management Systems Certification by SIRIM for all of its operating locations. This achievement was extremely meaningful as the journey towards certification began in 2019 with major effort being undertaken groupwide in aligning processes and procedures to ISO standards.'

Anti-Bribery and Anti-Corruption Policy

PETRA Energy Bhd (PETRA or "Group") in ensuring its Sustainability, is committed to a zero tolerance policy towards bribery and corruption.

The Group in line with its core values expects all its directors and employees to apply the highest ethical standards in their business dealings.

Reporting Policy Violations

All directors, employees, business associates and third parties are also expected to report any case of suspected bribery or corruption to the Group's Integrity Unit as per PETRA's Whistleblowing Policy.

All cases shall be investigated, and any action taken shall be in accordance to the provision of the applicable process involving, but not limited to, reporting to the authorities.

Breach of Policy

Any breach of this policy shall be subjected to the appropriate consequences management.

PETRA does not provide legal assistance to defend any of its directors or employees who are charged with committing an offence under The Malaysian Anti-Corruption Commission Act 2009 (MACCA) and Amendment 2018 (AMC 18/17), irrespective of whether their actions are in the interest of the Group.

Scope of Policy

All directors, employees and business associates are required to comply with:

- Anti-bribery laws
- This policy
- Related policies & procedures approved by Management

This policy extends to all business activities and third parties dealing with PETRA.

Compliance Department

The Group's Compliance Department is independent body assigned with the responsibility and authority to oversee the implementation of the Group's Anti-Bribery and Anti-Corruption program and the continual improvement of the AQMS.

It has direct access to the Board of Directors and Group CEO for issues relating to bribery and corruption.

The scope of this Policy is limited to dealing for PETRA Energy Bhd and all its subsidiaries.
*As advised by the Malaysian Anti-Corruption Commission Act 2009 (MACCA) and Amendment 2018 (AMC 18/17) under the Whistleblowing provisions.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

The development of the ABMS manual is based on the ISO standards requirements with the support of the ABMS yearly plan in alignment with "TRUST" (Top Level Commitment, Risk Assessment, Undertake control Measures, Systematic Review, Monitoring & Enforcement and Training & Communication) principles. This has streamlined our approach in managing our anti-corruption initiatives; these includes leadership steer, risk assessment, strengthening control measures, systematic review and enforcement as well as training and communication perspectives.

The leadership at PETRA, led by the Group CEO has been relentless in ensuring the ISO 37001 ABMS Certification. In 2021, the leadership re-signed an the Integrity Pledge in 2021, marking a commitment together with the rest of PETRA's employees. The Company has undertaken corruption risk assessment for all its subsidiaries, conducted systematic reviews, both internal and external, and also enhanced related procedures as part of control measures.

In 2021, ten ABMS awareness sessions, were conducted with our internal stakeholders and key vendors. A total of 364 employees and 56 vendors were engaged on ABMS and the Group's policy. 37 key vendors also signed the Group's Integrity Pledge. This is an ongoing effort to ensure adequacy.

PETRA also achieved ISO14001 Environmental Management Systems and ISO45001 Occupational Safety and Health Management Systems for all of its operation locations.

Notable highlights during the financial year:

- Landmark Petroleum Contract Award relating to exploration, development



- and production of petroleum from onshore block SK433, Miri, Sarawak
- Balance sheet and cash position remains at healthy levels
- The Groups gearing remains negative
- Recorded financial improvements in the Marine assets segment
- Excellent project execution and efficiency in Technical Service Agreement ("TSA") for production optimisation of the Banang field
- Achieved ISO37001 for Anti Bribery Management Systems by SIRIM
- Six MSOSH awards in recognition for achieving commendable HSE standards in our operating units.

Moving forward, we will continue to focus on:

- Intensifying business development for revenue growth in line with Transformation targets
- Expanding our service offerings in the upstream space of the oil and gas value chain

- Disciplined financial management
- Good governance & integrity
- Improving sustainability by optimizing the positive impact of sustainability initiatives for our stakeholders
- Enhancing Management Systems – continue to certify and incorporate ISO standards requirement and guidelines to all critical business processes

Financial Performance

The effects of the pandemic impacted people and business globally and in Malaysia, the oil and gas industry was not spared. Regardless of the rise in oil price during the third quarter of 2021, the oil price forecast for 2022 remained cautious due to the emergence of new Covid-19 variants. Despite the challenges and economic slowdown brought on by the pandemic, PETRA continued to be resilient and maintained its profitability in 2021.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS



For the financial year ended 31 December 2021, revenue was recorded at RM322.3 million as compared to revenue of RM 422.4 million in 2020. Revenue decreased primarily from lower activities in the existing HUCC/TMM and MCM contracts with PETRONAS Carigali Sdn Bhd (“PCSB”) due to deferment in project execution following the COVID-19 pandemic and Movement Control Order (“MCO”) restrictions imposed for the first three quarters of 2021. On a positive note, the Production and Development segment reflected an improvement in revenue, due to full year revenue recorded in 2021 as opposed to half year revenue in 2020 as the TSA was awarded on 28 June 2020.

Despite the Group's reduced revenue, Gross Profit margin improved from 10.8% in 2020 to 15.1% in 2021, resulted from efficiency in project management and execution, as well as better cost management. Profit After Tax was recorded at RM15.9 million, marginally lower by less than 0.5% compared to

2020 Profit After Tax of RM16.0 million. Profit After Tax margin for the year was at 4.9%, higher compared to 3.8% recorded in 2020. The Group maintained an earnings per share (EPS) at 4.97 sen for the year, nearly on par with 2020 EPS of 4.99 sen. PETRA continues its focus on financial prudence and has taken several cost initiatives measures to improve the sustainability of the Group.

I am delighted to bring to your attention that throughout the years, PETRA has been able to maintain and demonstrate a healthy balance sheet with low debt-to-equity ratio, resulting from targeted efforts to minimize borrowings, prudence in capital and financial management to maintain strong fundamentals in tandem with its Transformation Plan targets.

The Group's financial position remained positive. For FYE 2021, the Group's cash position stood at RM 143.1 million. Key financial ratios such as Current Ratio (2021: 1.90 times; 2020: 1.44 times) and Net Assets per Share (2021: RM1.20 per

share; 2020: RM1.19 per share) improved, while Net Debt-to-Equity ratio remains at below zero, which indicates the Group's financial position maintains at a very healthy state.

In view of this, I am pleased to highlight that with respect to FYE 31 December 2021, the Group has paid single-tier interim dividend of 2.0 sen per ordinary share on 19 July 2021 and another payment of single-tier interim dividend of 2.0 sen per ordinary share will be paid on 15 April 2022. This marks a total single-tier interim dividend declared of 4.0 sen per ordinary share with respect to FYE2021. PETRA has always been consistent with its dividend payout over the years.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, we continue to remain cautiously optimistic and shall explore new opportunities within the broader energy sector, whilst continuing to manage costs and improve execution efficiency as the oil and gas industry recovers from a period of low activities.

Having strong fundamentals in business continuity, HSE, financial prudence and overall resilience ensured PETRA remained sustainable and allowed the Group to record profits and uphold its commitment to its shareholders via consistent dividend payouts while at the same time placing the Company in an ideal position for growth, capacity building and providing headroom for business expansion.

OPERATIONAL HIGHLIGHTS

PETRA'S operations remained resilient for all business segments despite the challenges brought on by the pandemic and economic slowdown, recording strong achievements within its Development & Production segment with the award

of a milestone contract and recording improvements in asset utilization for its offshore marine segment.

Development & Production Segment

This segment categorises the Group's business activities in the Risk Service Contract and any activities in relation to rejuvenation of matured fields as well as small and marginal field development and production. Currently, this involves the Group's participation in the Technical Services Agreement (TSA) with PETRONAS, since June 2020, to operate the Banang oilfield on behalf of PETRONAS.

Inaugural Petroleum Contract for onshore Block SK433

The Development and Production segment achieved a milestone during the period under review with the award of the Petroleum Contract relating to Exploration, Development and Production of Petroleum in Block SK433, Onshore Sarawak. PETRA will be the operator under the Contract for and on behalf of its joint venture partnership, PEDSB-UZMA

Engineering Sdn Bhd ("PEDSB-UZMA joint venture partnership").

Block SK 433 is in the Miri-Marudi area covering Northern Marudi and includes the Adong Kecil West discovery. The nature of the Contract is one of Production Sharing. The total duration of the Contract is 29 years. Phase One (1) of the Contract is for an initial four (4) years with an option to extend for another year. Upon successful outcome of Phase One (1), the subsequent Phase Two (2) will involve development and production activities. The PEDSB-UZMA joint venture aims to monetise the discovered field with an extended production system following a successful appraisal campaign.

PETRA is in a good position to undertake the petroleum contract, after having had experience in upstream field development and production in the Kapal Banang Meranti Small Fields Risk Service Contract (KBMSFRSC) since 2012. The RSC was an extremely successful venture for PETRA. In 2020, PETRA became the sole operator of the Banang oilfield offshore Terengganu, under a Technical Service Agreement with PETRONAS and now operates and maintains the Banang oilfield on behalf of PETRONAS.

Financial-wise, PETRA's clean balance sheet position, coupled with negative net gearing ratio will enhance the Group's capability to secure new source of funding to part-finance the Contract, complementing its present healthy free cash balance position.

The project will prioritise local content and ensure the development of the business ecosystem. PETRA is pleased and honoured that PETROS has selected to collaborate with the PEDSB-UZMA joint venture partnership for this inaugural conditional award of Block 433 and the confidence by the Sarawak State



CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS



Strong HSE Performance

since 29 Jun 2020

ZERO Fatality
550 days LTI Free
ZERO Lost Work Case
ZERO Restricted Work Case
ZERO Medical Treatment Case
ZERO Fire / Explosion
ZERO TROIF
390,304 hours Total Manhours



Achieved all Contractual KPI's

- ✓ Zero Fatality Case
- ✓ No Tier 1 Loss of Primary Containment (LOPC)
- ✓ Achieved Target of > 95% Facilities Availability Annual Average
99.97% (Jan - Dec 2021)



Government in endorsing the petroleum contract. The Company will optimise participation from local Sarawakian workforce, talent, contractors and resources, whenever feasible, in keeping to its brand promise of synergising partnerships.

The project is currently on-going, with Phase 1 well underway.

Banang TSA Highlights

In 2020, the RSC expired and was replaced by the TSA arrangement with PETRONAS which saw PETRA progress to become a sole operator of the Banang oilfield. PETRA undertakes operations and maintenance of the Banang oilfield located offshore Terengganu, Malaysia which includes operating & maintaining PETRA Orion, a Mobile Offshore Production Unit, acquired in 2020.

- To-date the Banang oilfield has produced 1,141,329 bbl of oil (Since 29 Jun 2020)
- Received 4 Focused Recognitions from PETRONAS
- Achieved the Gold Class II MSOSH OSH AWARD 2021
- Sustainability initiative - Optimized Power Generation, a key Initiative undertaken using Portable Generator to Reduce GHG Emissions, resulting in a 58% Reduction of Carbon Footprint for Banang operations. This achievement was presented to PETRA at the sharing of Best Practices in Malaysia's Upstream Operations GHG Emission Reduction
- Achieved all KPIs

Production costs has consistently been below budget and HSE performance and Facilities Availabilities beating the Incentive Targets set by PETRONAS.

As a result of being the sole operator, the segment was able to book full year revenue for 2021 and has contributed RM88.09 million to the Group's revenue.

SERVICES SEGMENT

The services segment consists of the Group's core activities in the area of providing services for the oil and gas industry such as Hook-up and Commissioning (HuC), Topsides Major Maintenance (TMM), Maintenance, Construction and Modifications (MCM), marine vessels support, fabrication yards, trading and engineering services. Contracts within this segment which contributed RM119.9 million towards the Group's revenue are:

- The Maintenance Construction and Modification (MCM) Services contract by PETRONAS Carigali for work offshore Sabah. The MCM services contract is for a period of 5 years expiring in November 2022 with a one-year extension option.
- HuC and MCM projects executed for PETRONAS Carigali – includes spill over work from Pan Malaysia Contract and individual projects.
- Provision of Vendor Support Services & Supply of Spare Parts for Waukesha Equipment for PETRONAS Carigali
- Provision of Mechanical Rotating Maintenance Services and Crane Operations and Maintenance for Sarawak Shell Berhad/Sabah Shell Petroleum Berhad
- Provision Maintenance and Services for Lifting Equipment for Sabah Shell Petroleum Berhad

There was a slow-down of activities within the services segment resulting in lower revenues being recorded for the Group.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Significant project highlights during the period include:

West Lutong Project (Petronas Carigali)

A continuation from FYE2020 campaign, the West Lutong Project was successfully completed on 15 March 2021 with zero punch-list* and safe execution. Total safe manhours recorded for this project is 252,436.

Work executed in FYE2021 includes,

- 1) Structural (Helideck Reinstatement and opening repair for Wellhead Service Platform at WLDP-A).
- 2) Mechanical & Piping (FI-003 bracing support installation for at WLDP-A)
- 3) Electrical & Instrumentation (WH-14 tubing access modification at WLDP-A, reinstate sounder for lighting pole at WLK-A Bridge and reinstate power cable for Helideck navigation lamp aid at WLDP-A)

E11RA Project (MMHE)

The project was awarded to PETRA by MMHE Sdn Bhd through a JV agreement. The objective of the project was to modify and proceed with Hose Tie In activities at the E11-RA platform. The project was completed with total 150,720 safe manhours without LTI. Work was executed and completed at highest quality by complying to client's and project acceptance criteria. Upon final completion, the platform was successfully handed over to client without any punch-list.

Other projects undertaken in 2021 includes; the

*a punch-list is a document outlining any incomplete work or activities

Anjung Project

For the Anjung project PETRA undertook this project with the application of new technology in Vapor Abrasive Blasting (VAB) and DC laser scanning resulting in time and cost savings.

Vapor Abrasive Blasting (VAB) Blast Cleaning facts

Vapor Abrasive Blasting (VAB) is a surface preparation method where the medium of blasting is moderately Vapor, as opposed to Dry Blasting Medium in a conventional dry abrasive blasting. Below are the advantages as compared to conventional dry blasting:

- i. Suppresses up to 97% of airborne particle
- ii. Reduces run-off blasting radius
- iii. Reduce blasting media consumption up to 50-70%
- iv. Reduce water consumption only use 375 liter/day/unit
- v. Less waste material to dispose up to 50-70%

DC LASER SCANNING

CONTRACTOR has been requested to undertake dimensional control survey to assist on critical installation pipe on shut down scope. Positive impact on time preparation prior to shut down and accuracy on result compare with conventional method.

F9 Project

Continuation of 2020 campaign. Completed 5 offshore campaigns in 2021 which include job interfacing with drilling rig activities. Achieved 1st Gas for Well WH-160 (A6) on 14-Dec-2021 and F9 Platform was fully reinstated to normal operations mode on 25-Dec-2021. The Project is still ongoing as at 13 April 2022 with total of 187,465 accumulated manhours without LTI.

MCM Projects

As challenging as 2021 was for operations, the Maintenance Construction and Modification (MCM) Project, Sabah Waters for PETRONAS Carigali recorded some achievements and saw PETRA undertake work, with safety and delivery recognitions recorded.

MCM Projects undertaken in 2021 :

1. Topside major maintenance (TSM) - SBA Platform
2. Facilities Improvement Project (FIP) - SBA Platform
3. PFLNG1 minor maintenance work.
4. PFLNG2 Troposcatter Project

Project Achievements/Highlights

1. Successfully delivered Samarang and Sumandak Turnaround project as planned.
2. Zero Lost Time Injury (LTI) for 2021
3. Zero Non-Conformance Record (NCR) Quality Alert (QA) and Price of Non-conformance Record (PONC)
4. Zero repair rate for piping and structural works.

687,467 manhours were recorded for MCM operations for the period under review.

We maintain our cautious outlook and expect work to continue from our current contracts in hand.

With cost management initiatives implemented under the transformation plan in place, we aim to further enhance operational efficiency and innovation by changing from conventional approaches as we innovate to achieve stronger productivity and costs.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Marine Assets Segment

This segment encompasses the Group's activities that cover the range of marine assets and fleet operations, management and chartering. PETRA's fleet of marine vessels includes:

- 4 accommodation workboats
- 3 accommodation work barges; and
- 1 anchor handling tug supply vessel (AHTS)
- 1 mobile offshore production unit (MOPU)

The Group's vessels mainly undertook work for projects as part of the Group's anchor contracts:

- Petra Challenger performed work for West Lutong Redevelopment & Deep Project and the B11 Compressor Change Out Project and B11 Projects (third party project)
- Petra Endeavour undertook work for, Anjung Gas Development Project [PCSB HUC], Bokor Phase 3 Project [Trans Fame Offshore] and the ERB West project

- Petra Orbit undertook work for the Bokor and ERB West and Sumandak Project
- Petra Galaxy performed work for Baronía, Bayan and D35 Turn Around Campaign
- MV Alya performed work for Samarang Project for SBO MCM
- MV Anis undertook work for Anjung, Bokor and the Bayan Projects
- Petra Orion was dedicated to support the Banang field production since the award of the TSA effective 29 June 2020

Vessel utilisation was recorded at approximately 69.62% from 31% in the previous financial period.

The Group's marine unit clocked 604,084 million manhours without Lost Time Incident (LTI) during the period.

The segment contributed RM114.3 million to the Group's revenue.

MOVING FORWARD

We are mindful of the uncertainties anticipated in the year ahead, as economies worldwide continue to manage the extended impacts of the COVID-19 pandemic and societal changes as the world shifts towards cleaner and greener energy sources.

We anticipate 2022 to be challenging, however PETRA is optimistic that the efforts implemented under the Group's Transformation Plan and financial prudence exercised over the years will ensure resilience.

Moving forward, the Group will continue to intensify its Business Development efforts in our core business segments and in the renewable energy space segment by optimizing the utilization of technology and optimizing available resources, this will be prioritised for PETRA.



CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS



Certification of our Management Systems to international standards will become a mainstay as we focus our efforts to transform to be a Sustainable Energy Company.

The year 2022 themed, building momentum under its Transformation roadmap shall include the following focus areas /initiatives for PETRA

- Accelerating both its journey towards GENERATIVE HSE culture stage and its upstream activities in SK433 aimed at early commercialisation of the Adong Kecil field
- Extending the life of the Banang field
- Sustaining positive cash flow from operations for investment
- Pursuing new revenue streams particularly within the renewable segment
- Pursuing greener and cleaner source of energy to balance our Upstream vision

- Continuous culture enhancement towards the desired behaviors of accountability & ownership, integrity, innovation, care and diversity & inclusiveness

We shall continue to make positive changes and enhance our HSE standards, Business Continuity Management (BCM) and adherence to new normal standards in managing our operations effectively and ensure our people are safe.

Sustainability and ESG

Global megatrends are key driving factors of sustainability and changing the way we live and how organisations operate. These megatrends provide both opportunities and risks for organisations. Countries, communities and organisations around the world adopted to the pressing issues arising from the COVID-19 pandemic and the global call to address climate change and the alignment towards Net Zero emission goals.

PETRA is cognisant of the Malaysian Governments aspiration to reach Carbon Neutrality by 2050 announced under the 12th Malaysia Plan (2021-2025) and PETRONAS' aspiration to achieve Net Zero carbon emissions goal by 2050. While we are unable to pivot the organization overnight, we will show intent and take steps to ensure we do our part in protecting the planet, in line with its #PETRACares philosophy. We believe that a robust sustainability response can create and add value over time.

In 2021 the Group embarked on formulating a structured ESG framework to support its sustainability journey, understand its ESG impact and our approach. The framework will outline the Group's initiatives over the next five years in supporting our ESG targets.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Moving forward, we will continue to engage with our stakeholders as we strive to achieve our net zero carbon goals in line with our sustainability framework and client aspirations, we will focus our operational efforts to balance our portfolio with renewable energy projects and lower our energy intensity & improve energy efficiency for our operations.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey our sincere thanks to all our stakeholders, beginning with our shareholders for their support and belief in the Company. To my colleagues on the

Board for their stewardship and counsel in seeing PETRA recover and emerge stronger from the challenging times for their belief in the leadership which transformed PETRA to move up the value chain to become an upstream operator.

To our clients for the support in health and safety management during this pandemic.

To the Management team and leaders, 2021 exposed us all to a steep learning curve. I thank you for your tireless dedication and leadership in ensuring that we deliver on our commitments to our clients. A special thanks to the Business Continuity Management Steering Committee for their unwavering focus in BCM during the

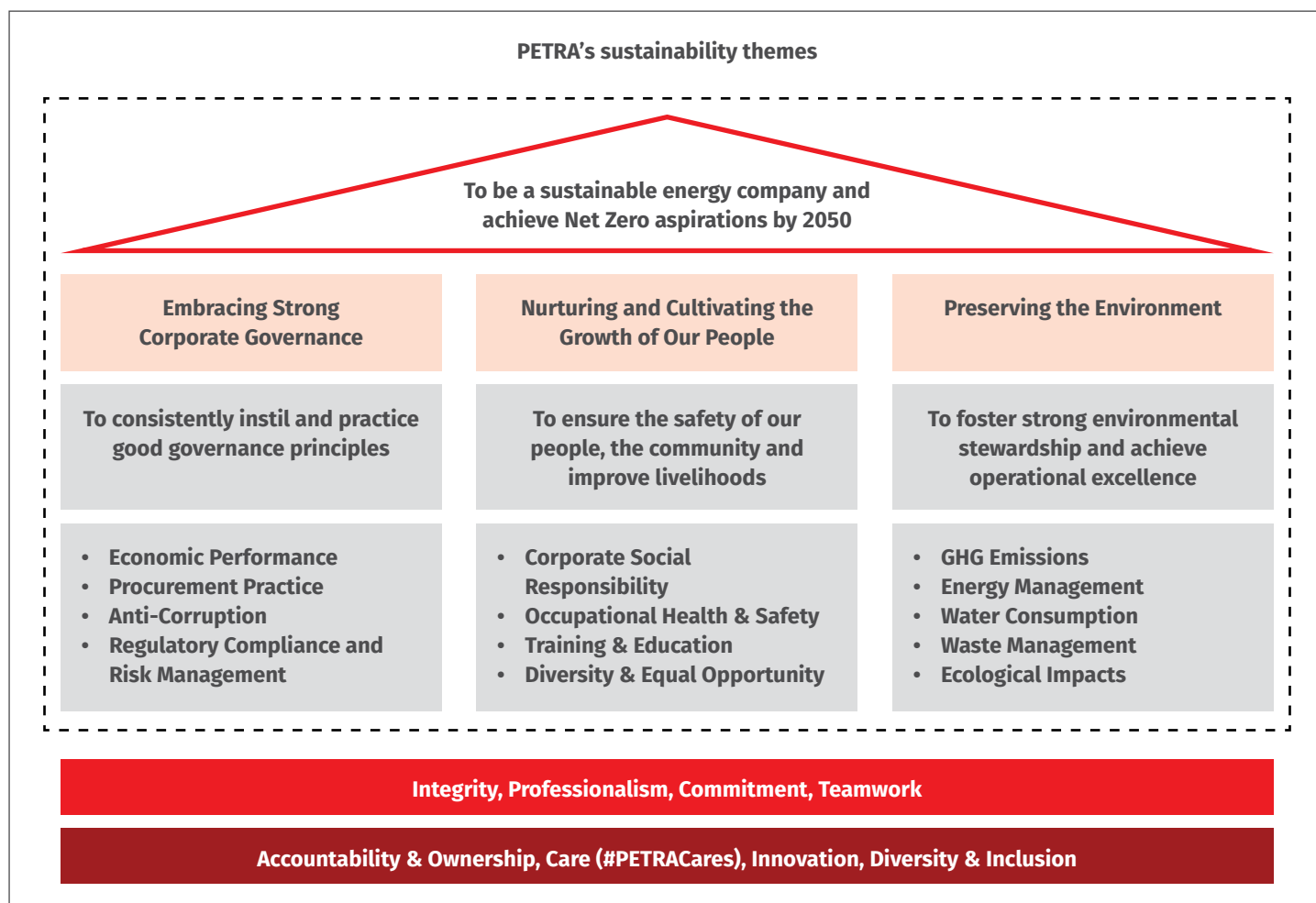
pandemic and the ABMS Committee for attaining ISO37001 certification.

Our employees, our crew on the ground and project front liners who go beyond their call of duty, my thanks go to all of you for your hard work, dedication and tenacity in ensuring safety and efficiency while delivering on our commitments.

Thank you all once again.

#PETRACares

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Chairman
26 April 2022



SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

PETRA Energy Bhd (“PETRA” or “the Group”) is pleased to present its Sustainability Statement for financial year ended 31 December 2021 (“FY2021”).

This statement provides a detailed account of the Group’s Sustainability activities on the economic, environmental and social (“EES”) performance for FY2021. It outlines the progress made on identified material topics, as well as plans going forward to further progress on the newly identified material topics as it will align to the improvement in mitigating measures to reduce risks or improvement of opportunity to business, financial and operational performance.

Reporting Scope and Boundary

The sustainability statement covers all operating subsidiaries that executed the principal business activities of the group. The current operating locations of the group is as per the attached map, which are all located in Malaysia. We exercise a “local-where-we-operate” practice.



Reporting Period

This Statement covers the period of 1 January 2021 to 31 December 2021.

Reporting Standards & Guidelines

This sustainability statement has been prepared in reference to Bursa Malaysia’s Sustainability Reporting Guide (Second Edition).

DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process. Please send any comments, insights and queries to: peb.corporate@penergy.com.my or communications@penergy.com.my.

SUSTAINABILITY STATEMENT

Limitations & Exclusions

We are cognisant that data-gathering challenges still exist notably during the COVID-19 pandemic period. We are in the process of implementing more robust data tracking and gathering mechanisms going forward. Where there are limitations in data sharing due to regulatory or other requirement, it will be indicated specifically in the statement.

Report Quality & Assurance

The 2021 sustainability statement has not been externally assured however, the majority of the reporting data has been verified through internal and external audit programs within the group.

Forward-Looking Statements

Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions by the group.

SUSTAINABILITY AT PETRA

Sustainability Objectives

PETRA's overall Sustainability agenda is driven by the following objectives:

- To be a responsible corporate citizen that is in compliance with industry and regulatory standards for economic, environmental and social (EES) impacts and performance.
- To serve as a force for good in driving improvements within the company and its value chain as per the adopted United Nations Sustainability Development Goals ("UN SDGs").

To progressively tap on sustainability as an agenda and strategy to strengthen the Group's business model and to embrace emerging trends and opportunities that drive financial and non-financial value creation.

Guiding Values

The Group's approach to sustainability is driven by PETRA's desired behaviours of:

- Accountability & Ownership
- Care #PETRACares
- Innovation
- Diversity & Inclusiveness
- Integrity

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Total workforce:

986 employees
(FY2020: 828)

99.9% Malaysians
Increase by 19%

Local suppliers increase by



1.9%

Zero fatalities

Zero spills

Zero Fire/Explosion

SUSTAINABILITY STATEMENT

 <ul style="list-style-type: none"> • MSOSH Gold Class 2 Award – PETRA Energy Development Sdn Bhd, PETRA Orion Banang Field • MSOSH Gold Class 2 Award – PETRA Piasau Operations • MSOSH Gold Class 1 Award – PETRA Marine Sdn Bhd • MSOSH Gold Class 1 Award – PETRA Kota Kinabalu Project Office • MSOSH Gold Merit Award & Workplace Health Promotion (WHP) Award Level 3 – PETRA Fabrication Yard 	 <ul style="list-style-type: none"> • ISO 45001:2018 Occupational Health and Safety Management System certification • ISO 14001:2015 Environmental Management System certification • ISO 37001 : 2016 Anti-Bribery Management Systems
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REPORTING AND GOVERNANCE

SUSTAINABILITY GOVERNANCE

The Group's sustainability agenda is driven through its working level group. While governance is generally based on top-down approach in cascading of policies and strategies, it is also designed to solicit feedback from all levels of the organisation, especially from frontliners and others who are at the highest risk of being exposed to or affected by sustainability issues. This is achieved through the Group's Health, Safety, Security and Environment (HSSE) Committee and other initiatives that are reported to the Leadership team on a quarterly basis. The leadership team comprises of three (3) Executive Directors and Senior Management that provide oversight of the Group's sustainability journey.

We are in the process of incorporating our sustainability agenda in all policy updates since 2021, which will serve as a guiding basis in our sustainability journey.

Sustainability Governance Structure

Oversight of PETRA's sustainability agenda ultimately resides with the Senior Leadership team, which are the highest decision-making bodies of the Group.

Among material matters that the governance structure has oversight on in 2021 include (but not limited to) are occupational safety and health ("OSH"), talent management, water consumption, emissions, environmental spills and climate change.

The governance structure's roles and responsibilities are as follows:

- Approving related policies, processes and procedures related to sustainability.
- Reviewing and strengthening the Group's sustainability related policies.
- Closely monitoring performance on key EES topics and recommending corrective actions/ improvement measures, where necessary.
- Monitoring arising environmental, social and governance ("ESG") related risks and how these may impact financial and non-financial value creation.
- Working closely with the Board-level Risk Committee to manage and mitigate overall Group risks.
- Review and approve the Group's annual sustainability statement.

SUSTAINABILITY STATEMENT

PETRA has a dedicated Sustainability Steering Working Team (“SSWT”) which comes under the purview of the Group’s existing Health, Safety and Environment (“HSE”) Committee. The SSWT is specifically tasked to drive sustainability-related matters including executing Board and Management approved EES strategies in PETRA, with all SSWT initiatives are being reported to the Group Leadership team on a quarterly basis.

PETRA in strengthening its overall sustainability governance structure and the Group’s overall approach to sustainability, the Company is currently in the midst of incorporating a dedicated governance structure for 2022 onwards.

MATERIALITY

The EES materiality topics is determined based on PETRA’s internal assessment, consultation with stakeholder groups, industry peer comparison and benchmarks and recommended topics based on Bursa Malaysia’s Sustainability Reporting Guide as well as the GRI and FTSE 4 Good frameworks. Materiality is assessed based on several factors:

- The extent and the likelihood of impact of a particular topic on financial or non-financial value creation, over the short-, medium- and long-term perspectives.
- The extent and the likelihood of impact on PETRA, in terms of access to capitals, business processes, brand equity, ability/license to operate and other business factors.
- The extent and the likelihood of impact on stakeholders, which ultimately, may or will impact PETRA’s ability to generate value.

Economic	Environment	Social
1. Economic Performance	4. Climate Change	9. Occupational, Health & Safety
2. Anti-Corruption	5. Electricity Consumption	10. Diversity & Equal Opportunity
3. Procurement Practices	6. Diesel Consumption	11. Training & Education
	7. Water Consumption	12. Corporate Social Responsibility
	8. Waste Management	

A review of the materiality issues will be done on a periodic basis as decided by the SSWT. We aim to reach out to our stakeholders to provide a more inclusive materiality assessment going forward. The materiality subject is being reviewed on a yearly basis to reflect the changes of stakeholders and our business portfolio.

SUSTAINABILITY STATEMENT

RELEVANCE OF MATERIALITY MATTERS TO STAKEHOLDERS

	Customers	Employees	Investors and Shareholders	Government and Regulatory Authorities	Communities and the Public	Financial Institutions	Vendors
Commitment towards Good Business Practices		√	√	√			√
Procurement Practices		√		√			√
Waste Management			√	√	√		√
Water Consumption				√	√		
Energy Consumption	√		√	√			
Carbon Emission	√	√	√	√		√	√
Occupational Health and Safety	√	√	√	√			√
Workforce Diversity		√					
Employee Training		√			√		
Corporate Social Responsibility		√			√		

STAKEHOLDER ENGAGEMENT

In FY2021, PETRA has continued to engage its stakeholders across a wide range of mediums. This is a precautionary approach in ensuring that the Group's sustainability journey and agenda does not have a disconnect from its stakeholders and remains relevant in driving mutual value creation.

The Group defines stakeholders as individuals, entities or organisations that are impacted by the Group's business operations and conversely, individuals, entities or organisations that have the capability to impact PETRA's business model and its operations.

Following is a snapshot of our stakeholder engagement activities in FY2021 as well as the various issues/EES topics raised or addressed during the financial year:

SUSTAINABILITY STATEMENT







Stakeholder	Engagement Activity	Matters Discussed
Employees	<ul style="list-style-type: none"> Employee Induction Program Performance appraisals Leadership Away Day Management Visit HSE & Integrity Day 	<ul style="list-style-type: none"> Transformation plan Our desired behaviors HSSE Plan and sharing Business Goals & Targets Management Systems Certification
Customers	<ul style="list-style-type: none"> Industry events & exhibitions Face to face engagement Formal and informal meeting & updates HSE Management Visits 	<ul style="list-style-type: none"> Re-Imagining Malaysia Assets (RESET) Women in Health Safety & Environment (WIHSE)
Investors & Shareholders	<ul style="list-style-type: none"> Annual Report Annual General Meeting PETRA website Quarterly announcement of financial results to Bursa Malaysia 	<ul style="list-style-type: none"> Annual General Meeting Company updates Annual performance
Government & Regulatory Authorities	<ul style="list-style-type: none"> Meetings & Engagements Audit and Inspections 	<ul style="list-style-type: none"> Company updates Audit and plans
Communities & the public	<ul style="list-style-type: none"> COVID-19 Fund contribution Exhibitions & career fairs 	<ul style="list-style-type: none"> Career fairs and hiring
Financial Institutions	<ul style="list-style-type: none"> Annual Report Annual General Meeting Engagement with bankers 	<ul style="list-style-type: none"> Company updates Transformation Plan
Vendors & Business Partners	<ul style="list-style-type: none"> Integrity & Anti-Bribery & Anti-Corruption Awareness Session 	<ul style="list-style-type: none"> Supporting the Group's business objective Corporate Liability MACC Section 17(A)

PETRA'S ALIGNMENT TO THE UN SDGs

As mentioned earlier, PETRA continues to be a force for positive change and impact. This is realised through the Group's continued contributions to its adopted UN SDGs:

SUSTAINABILITY PILLAR	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	UNSDG
ECONOMIC	PETRA remains committed to creating both direct and indirect economic value through its business strategies and operations.	<ol style="list-style-type: none"> Vendor Development Programme (VDPx), in support of our Clients agenda to prioritise local talent / vendors and content. PETRA has appointed 5 companies thus far as a VDPx anchor to PETRONAS ISO 37001 : 2016 Anti-Bribery Management Systems 	

SUSTAINABILITY STATEMENT

SUSTAINABILITY PILLAR	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	UNSDG
ENVIRONMENTAL	The Group strives to reduce, manage and mitigate its environmental footprint, in terms of resource consumption, emission of greenhouse gases and addressing climate change impacts.	<ol style="list-style-type: none"> Usage of Solar panels at our Fabrication yard in Labuan HQ premise in a Green building ISO 14001:2015 Environmental Management System certification 	 
SOCIAL	<p>Our priority is to cultivate a high performance and inclusive work environment for all employees centred on the Group's desired behaviours.</p> <p>PETRA continues to play its role as a responsible corporate citizen to the community at large.</p>	<ol style="list-style-type: none"> HSE & Integrity Day 2021 Community Development initiatives CSR Donation for COVID-19 relief <ul style="list-style-type: none"> Food basket initiative to the community in Labuan Food distribution to frontliners in, Miri's General Hospital ISO 45001:2018 Occupational Health and Safety Management System certification 	   

Other Measures

Standards & Certification

PETRA is regularly assessed and certified under the standards of ISO by recognised classification societies to show our commitment to quality standards and quality management systems, helping build efficiency but also economic confidence among our stakeholders by knowing that what we do meets international standards. Below is a list of ISO Certifications which PETRA follows closely the guidance to ensure quality in our delivery and safety and transparency in our operations that are in line with our management approach .

Certification	PETRA Energy Berhad	PETRA Resources Sdn Bhd	PETRA Marine Sdn Bhd	PETRA Energy Development Sdn Bhd
ISO 9001 (Quality Management)		√ 2015 version		
ISO 14001 (Environmental Management)	√ 2015 version	Yes	Yes	
ISO 45001 (Occupational Health & Safety)	√ 2018 version	Yes	Yes	
ISO 37001 (Anti-Bribery Management)	√ 2016 version	Yes	Yes	Yes
ISO 27001 (Information Technology – Cybersecurity)	Certification in progress			
ISO 20400 (Sustainable Procurement)	Certification in progress			
ISO 21500 (Project Management)	Certification in progress			
ISO 30414 (Human Resources Management)	Certification in progress			
ISO 22301 (Business Continuity Management)	Certification in progress			

SUSTAINABILITY STATEMENT

ECONOMIC

It is key for organisation to develop a sustainable economic system in the way they operate, to ensure that profits do not come at the cost of people and the planet, as bad practices in the industry have shown how economic gains can be undone. By putting in place policies that mitigate risk, through good governance, and by applying sustainable practices, PETRA can continue to operate profitably and sustainably as an organisation.

ECONOMIC PERFORMANCE

The generation of direct economic values such as revenues and profits is essential for the growth and development of the Group. It is also vital in driving environmental, social as well as governance-related strategies.

Financial performance provides funding for ESG strategies and activities. Linking ESG to financial performance also provides further impetus and buy-in for sustainability across the Group.

Despite the impacts of the COVID-19 on the global and domestic economy, heavily affecting the oil and gas sector, PETRA has still managed to create economic value for all of our stakeholders, from shareholders, investors, employees, suppliers and contractors, and local communities. We have managed to achieve this through positive performance and effective management, operational efficiency and financial prudence, while we uphold our commitment to sustainable operations and the highest professional standards.

For further details on our direct economic value created in FY2021, please refer to the Financial Highlights section of this annual report.

ANTI-CORRUPTION

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

In FY2021, the policy has been cascaded to PETRA's value chain towards further embedding the anti-corruption stance among suppliers, vendors, contractors and business partners.

All vendor documentation come with anti-corruption clauses, that stipulate what is deemed to be as unacceptable or corrupt practices and the penalties that vendors face, including dismissal or being reported to the legal authorities if necessary.

Section 17A under Malaysian Anti -Corruption Commission's Act came into effect on 1st June 2020 and introduced corporate liability for corruption offences involving commercial organizations for the first time in Malaysia.

PETRA had already started taking steps towards preparing for the legislation in 2019 by putting in place adequate procedures to protect the company and to help stakeholders understand how corporate liability for corruption works. Some of these s' initiatives include the introduction of Anti-Bribery and Corruption Program and Policy, making amendments to the Whistleblowing Policy and conducting various awareness and training program on Section 17(A). Through the recommendation of the Risk Committee, PETRA started to work on establishing and implementing an effective Anti-Bribery and Corruption Program and Policy within the organisation through the ISO 37001:2016 ABMS Certification which started in 2020, in order to ensure compliance with the legislation. The certification process was completed its full certification at the end of 2021.

Four awareness workshops on Integrity & Anti-Bribery and Anti-Corruption (ABAC) Awareness for employees were conducted in 2021 with a total of 163 attendees and another two workshops on ABAC was attended by 35 business associates. Below are further activities undertaken by PETRA.

SUSTAINABILITY STATEMENT



PETRA Code of Conduct

The PETRA Code of Conduct covers many aspects of employee conduct. It is also extended to the Board of Directors and Senior Management.

The Code clearly defines what is considered as unethical business practices and stipulates what constitutes as unethical corporate behaviour, sexual harassment, discrimination, human rights, workers' rights and more. Essentially, the Code sets out what is deemed by PETRA as accepted corporate conduct by internal stakeholders.

Value chain partners must also adhere to this Code, failing which, they may be rejected from being a vendor to the Group. In serious cases, they may face legal action by the authorities as PETRA will report behaviour that contravenes its Code to the relevant regulatory authority.

Moving forward, the Code shall be embedded as part of the Group's procurement process and vendors are regularly audited to ensure compliance.

56 vendors attended the awareness session and 37 vendors returned the integrity pledge

Whistleblowing Policy And Mechanism

PETRA has implemented its Whistleblowing mechanism since 2011, in accordance with the Whistleblower Protection Act 2010 ("Act 711"), Companies Act 2016 and Capital and Market Services Act 2007, under the purview of the Group Integrity Officer.

Under the whistleblower policy, the whistleblower is provided full confidentiality and immunity from any form of punitive action, intimidation or reprisal, irrespective if the allegation is substantiated or proven to be unfounded provided, that the report was made in good faith. Employees and external parties may channel their concerns via email to: whistleblower@penergy.com.my. All whistleblowing reports will be sent to the Senior Independent Director, Board of Audit Committee for investigation and where warranted, appropriate further action.

SUSTAINABILITY STATEMENT

PROCUREMENT PRACTICES

Supporting Local Procurement

PETRA remains committed to using local vendors and suppliers, where possible, for the procurement of goods and services, especially in Sabah and Sarawak, where the Group has a significant presence.

In line with this initiative, over the last four years, PETRA has been able to gradually decrease our reliance on foreign vendors, bringing this year's sum to a mere 5.31% of the total vendors.

Beyond creating jobs and business opportunities for locals, local procurement also enables knowledge and skills development, creating sustainability in our supply chain and reducing our environmental footprint.

Percentage of local suppliers is derived based on the following:
 $\text{Total No. of vendors} / \text{Local vendors} \times 100\%$

In terms of indirect economic value created, the Group's focus areas are local procurement and local vendor development. The latter is realised via our active participation in the PETRONAS Vendor Development Scheme ("VDPx"). PETRA supports identified local vendors through this program by providing mentoring and advisory services on technical and business models as well as providing market opportunities. Since FY2020, all vendors engaged have to also ensure alignment with PETRA's guiding values and behaviours.

Cybersecurity

In order to ensure business as usual is not affected and to provide our stakeholders with the confidence that our systems are safe, we have also taken steps to implement various cybersecurity initiatives that cover and protect our endpoint, servers, network, and emails. We have also implemented a clear Segregation of Duties (SOD) in our systems and Single Sign-on (SSO) access for all our employees for better governance. We also continued with the second phase of our Awareness Training Campaign that we started in 2020 as part of the on-going exercise. We are currently working towards ISO27001 Security Certification this year to ensure we provide our stakeholders with the confidence that our systems are safe and we take every precaution to ensure that.

ENVIRONMENT

The oil and gas industry is central to the Malaysian economy and has enabled the growth and development of this nation. It also contributes to the global energy systems that are drivers of economic and social pillars. However, we cannot deny the fact that it also significantly contributes towards environmental challenges. As a player in this industry, it is important for us to achieve sustainable economic growth by also reducing the impact we create on the environment and being a part of the solution to address the environmental issues that stem from the work we do.

SUSTAINABILITY STATEMENT

CLIMATE CHANGE

In FY2021, PETRA has looked to place greater focus on the issue of climate change, which is pertinent to the Group, given our operations in the oil and gas sector.

Across the globe, the energy sector, specifically the oil and gas sector, is looking to decarbonise with major oil gas players setting medium to long-term targets for decarbonisation.

Consistent with the PETRONAS Activity Outlook (“PAO”) (that advocates a greater focus from oil and gas companies on climate change), PETRA has intensified its management approach towards reviewing in greater detail, how its business operations may be contributing to climate change.

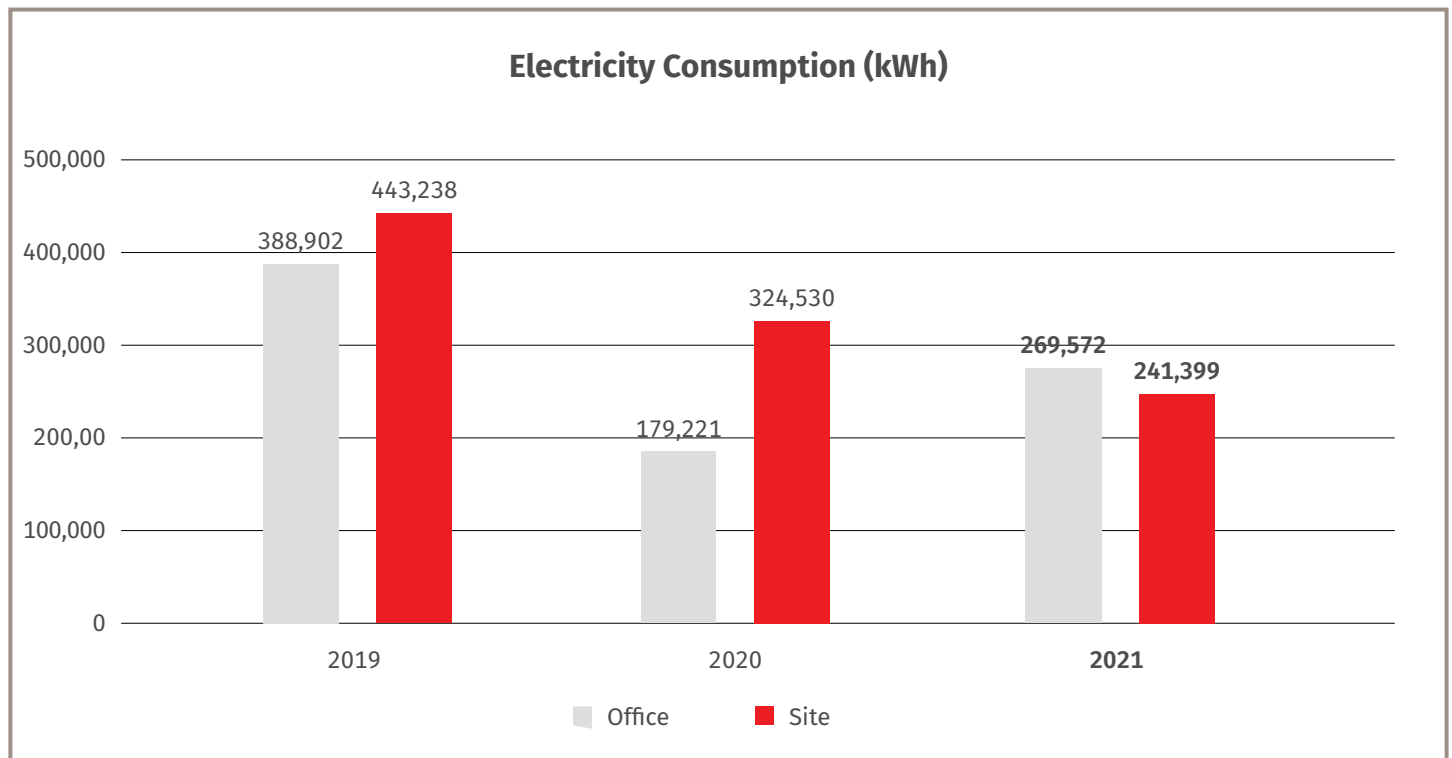
In addition, PETRA is also looking at how it can progressively reduce contributory impacts such as diesel consumption and emissions produced, that directly or indirectly contribute to climate change.

Impact of Climate Change on Group Operations

PETRA is also reviewing how climate change may impact the Group’s operations. The Group was certified ISO 14001 by Lloyd’s Register for Environmental Management System.

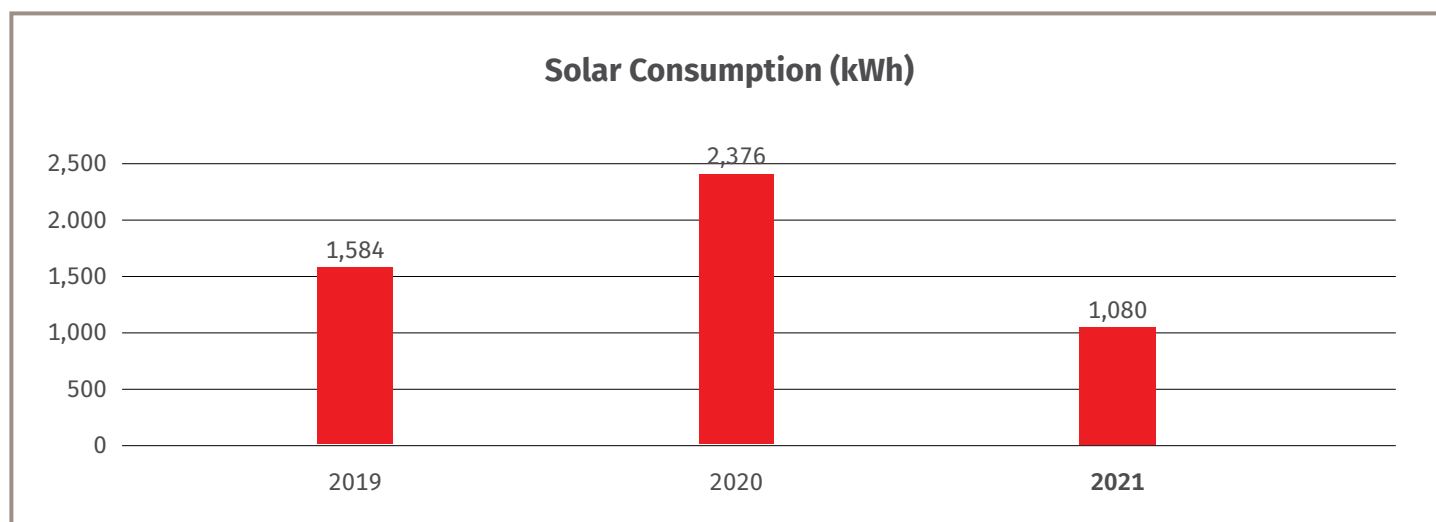
ELECTRICITY CONSUMPTION

Electricity is sourced from the local energy grid as well as via renewable energy (solar power) sources. PETRA’s management approach to electricity consumption will be guided by its environmental objectives.



SUSTAINABILITY STATEMENT

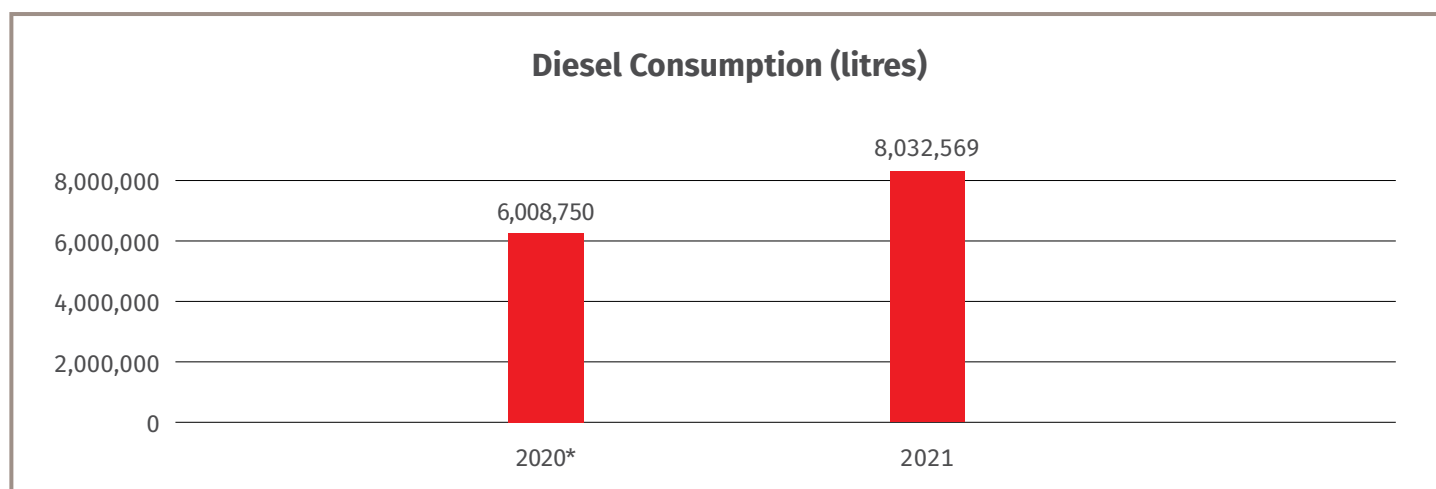
FY2021 saw further reduction in electricity consumption compared to FY2020 due to a longer lockdown and reduced operational activities brought on by the COVID-19 virus pandemic. In FY2021 the Group has continued to leverage on solar for its operations. In 2021, the total solar lighting installed and operated was reduced to only 15 units due to damage from wear and tear. Total power generated from these 15 solar panels was 1,080kWh with total estimated saving on using solar lighting is approximately at RM385.78 monthly or RM4,629.36 yearly. Solar panel installation is an ongoing initiative for the Group.



DIESEL CONSUMPTION

PETRA's consumption of diesel for its vessels is based on industry standards, which warrants usage of diesel that produces less carbon emissions. The fuel consumption in FY2021 was 8,032,569 litres for seven marine vessels. The increase in fuel consumption is due to higher activities performed during the period.

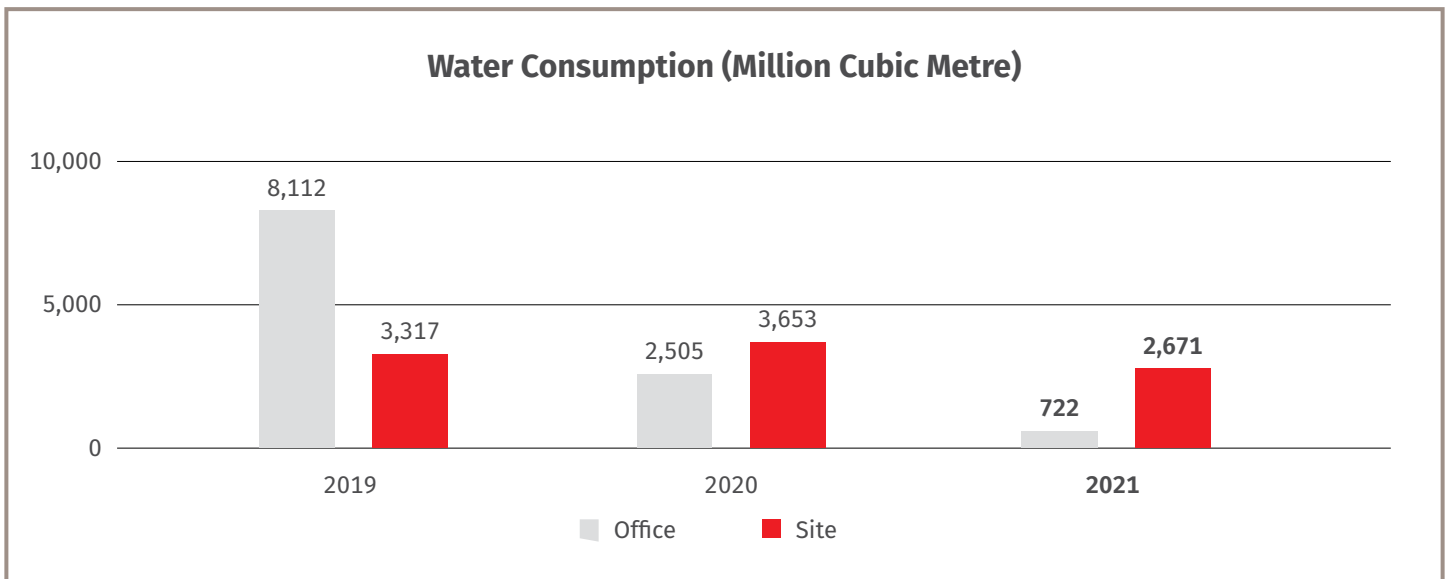
* 2020 figure corrected from 2020 Annual Report



SUSTAINABILITY STATEMENT

WATER CONSUMPTION

The Group continues to operate in a water-efficient manner, managing overall consumption. Also due to the extended lockdown in the country and the reduced operational activities brought on by the pandemic, water consumption was reduced drastically, especially in the office, due to Work-from-Home. Only 722 m³ was used compared to 2,505 m³ from the year before. Water consumption on site was reduced from 3,653 m³ to 2,671 m³. The Group is always working towards better water conservation and efficiency in our office and operations.

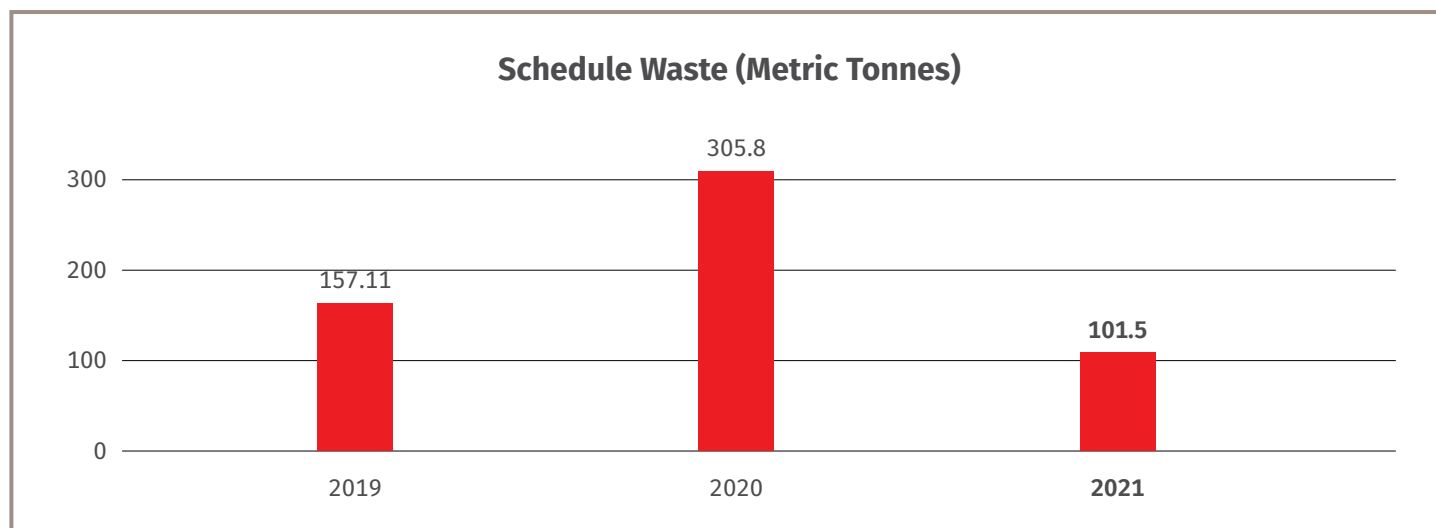


WASTE MANAGEMENT

Waste generated by the Group can be generally categorised into general waste and scheduled waste. The former comprises standard office waste and the latter consists of waste produced from our business operations.

Data on scheduled waste is obtained from our waste disposal contractors. All waste is disposed off by government-approved waste disposal contractors. There were zero incidents of spillage or improper disposal during the financial year. The decrease of waste in 2021 can also be attributed to the reduction in operation brought by the pandemic and there were not many projects that were completed in 2021 which required waste disposals. Waste volume fell by almost 2/3s to 101.5 metric tonnes from 305.8 the year before.

SUSTAINABILITY STATEMENT



Correspondingly, the Group is increasingly looking to waste recycling. Future plans include further enhancing our processes in managing scheduled waste and segregating waste at the source to reduce cross-contamination.

SOCIAL

The Group's greatest asset is its workforce. Therefore, cultivating a conducive, high-performance, workplace culture that enables employees to thrive is material for optimising the fullest capabilities of our people.

In developing the desired high-performance culture, PETRA has identified, occupational safety and health ("OSH"), employee training, workforce diversity, gender equality and as its primary material topics. Mental health initiatives was also prioritized for the Groups employees throuhjout 2021.

In managing the aforementioned social material topics, the Group continues to pursue its ongoing culture change effort to drive the following corporate behaviours: Accountability and Ownership, Diversity and Inclusiveness, Innovation, Care #PETRACares and Integrity.

The practice of these behaviours by all employees at all levels of the organisation, will contribute to improved results across our identified social material topics.

Externally, PETRA continues to play its role as a responsible corporate citizen to the community, supporting the socio-economic development of the community, with a specific focus on the communities in which the Group maintains a business presence.

PETRA's management approach of social topics is centred on two particular stakeholders: its employees and the local communities in which PETRA has a business presence. As such, the Group's key social focus areas include:

SUSTAINABILITY STATEMENT

EMPLOYEES

- Organisational culture development – centered on Accountability and Ownership, Diversity and Inclusiveness; Innovation and Care
- Occupational Safety and Health including mental health
- Talent Management, comprising employee recruitment, retention and satisfaction, skills
- The setup of PETRA Clubhouse to support mental health

COMMUNITY

- Community Development, job and wealth creation, skills development.
- Community safety and health development and employee engagement.
- Workforce diversity
- Equal opportunity employment

OCCUPATIONAL, HEALTH & SAFETY

PETRA draws pride in having developed a commendable OSH track record since its inception. Through a continuous commitment to safe operations that comply with environmental regulations, PETRA has consistently been acknowledged by clients and for being a HSE leader.

At PETRA, OSH is the responsibility of everyone within the organisation and where relevant, across the value chain. All PETRA employees remain accountable for safety and health of their colleagues, contractors and the public.

The management approach to OSH in PETRA is driven by the following:

- Health, Safety and Environment Policy
- Substance Misuse Policy
- Stop Work Policy

The above-mentioned policies are also communicated to suppliers, vendors, contractors and business partners.

In addition, the Group's operations comply with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice. All project sites are ISO45001:2018 certified.








The Group's PETRA Cares philosophy is a guiding principle that governs and directs the Group's overall OSH initiatives & programmes.



SUSTAINABILITY STATEMENT

Awards & Commendations

PETRA continues to distinguish itself as an industry leader in HSE performance and is duly recognised by OSH leaders and the oil and gas majors. Below are the list of awards and commndations we have received this year:

Type of Award/Achievement	Awarded by
Focused Recognition for having deployed 100% local marine resources & talent and reduced lifting crews as precautionary in minimising COVID-19 transmission	
Focused Recognition for PETRA Energy Development for successfully having achieved the 1st year anniversary under Banang Technical Service Agreement and having met contractual KPIs	
MSOSH Gold Class 2 Award – PETRA Energy Development for PETRA Orion Banang Field	
MSOSH Gold Class 2 Award –PETRA Piasau Operations	
MSOSH Gold Class 1 Award –PETRA Marine	
MSOSH Gold Class 1 Award –PETRA Kota Kinabalu Project Office	
MSOSH Gold Merit Award & Workplace Health Promotion (WHP) Award Level 3 – PETRA Fabrication Yard	

Worker Representation On Joint Health And Safety Committees

PETRA worker representation on HSE Committees stands at close to 40% representation. The Group’s composition far exceeds the requirements stipulated under OSH 1994.

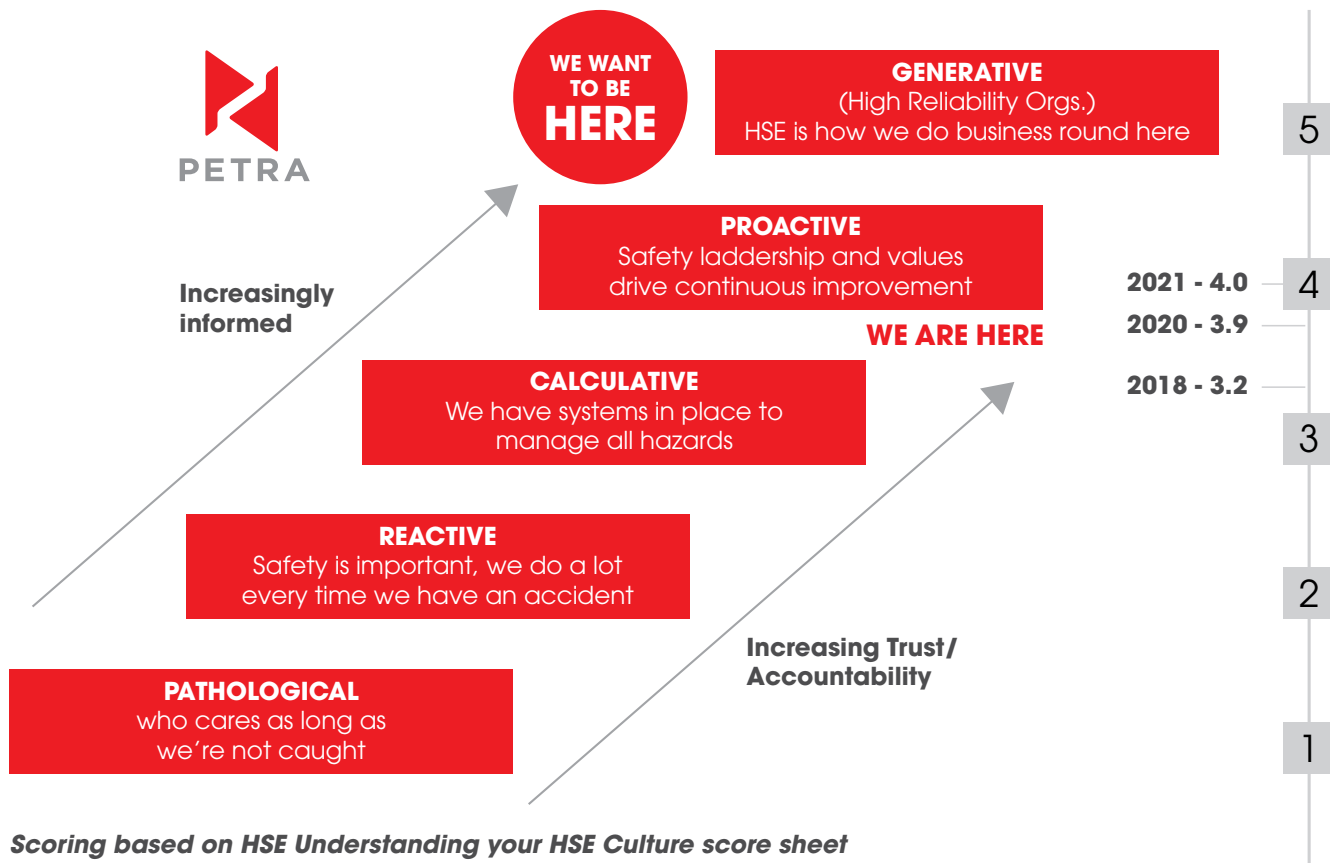
The HSE Committee is responsible for the following:

- Reviewing the measures taken to ensure the safety and health of employees at the workplace;
- Investigating any workplace matters that have been brought to the attention of the employer, in particular, matters or findings pertaining to unsafe incidents or threats to safety and health; and
- Attempting to resolve all identified matters.

SUSTAINABILITY STATEMENT

Progressing On The Petra Safety Ladder

In FY2021, on the back of various policies, action plans, and initiatives undertaken from FY2018 to FY2021, PETRA continues to close identified gaps in its journey progressing from having a calculative to a proactive HSE Culture, and ultimately a generative one.



Accident Control Technique

PETRA continues to employ the industry best practice technique of Accident Control to identify, eliminate and prevent Unsafe Conditions and Unsafe Acts ("UCUA") found in the workplace, especially in offshore or field environments.

In FY2021, 11,043 UCUA (FY2020:17,506) reports originated from employees. This is a 36.91% (FY2020: 36.18%) reduction. We recognise contributions by employees via the ACT (UCUA) Award to encourage frequent reporting by employees.

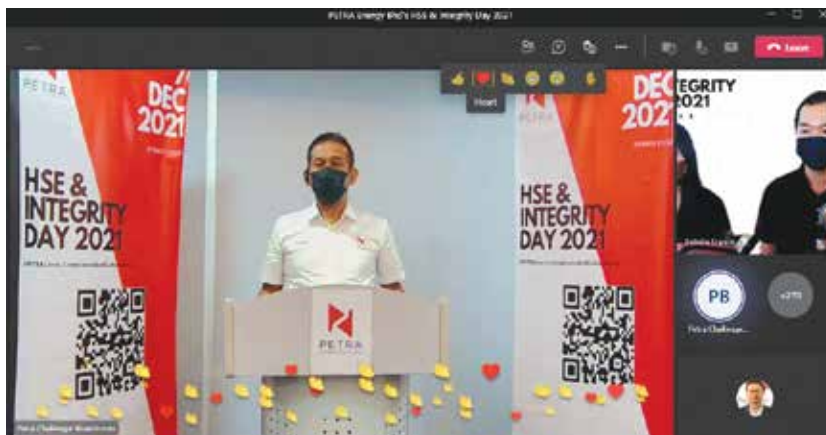
HSE Alerts

In continuing to drive OSH performance, PETRA encourages the sharing of lessons learnt and insights derived from near misses, incidents and accidents. The alerts are disseminated Groupwide via the Group's email alert and WhatsApp chat groups. The same is also placed on bulletin boards across the Group.

SUSTAINABILITY STATEMENT

PETRA HSE Day

PETRA held its Groupwide HSE Day in person again for 2021, this time in Labuan on 7 December 2021. The theme for 2021 was “#PETRACares - Compliance and Culture Matters”. The message we shared was on how through compliance and strong safety culture, we are able to continue to reduce total accidents and incidents during operations, collectively working towards improving safety performance within the organization. Many pre-event competitions and engagements were organised leading up to event day, including “Share with Us Your Workstation”, “Environmental Craft from Reused Material Contest”, “Integrity Digital Poster Contest” and “Super HSE Heroes Award”.



SUSTAINABILITY STATEMENT

HSE Management Visits (MHSEV)

There were 2 main MHSEV organized for FY2021. The first one was conducted virtually for all of our seven marine vessels on 30 April 2021, as it was during the height of the pandemic. The second MHSEV in-person was at the PETRA Secondary Yard on 1 November 2021, for the Provision of Maintenance, Construction & Modification (MCM) Services for PETRONAS Carigali in Sabah, as all our employees on-site have been fully vaccinated by then. Our site visits also typically entail project progress briefings, HSE performance reviews, and a tour of the site facilities.



Emergency Drill & Business Continuity Management

The Group frequently runs emergency drills and simulation exercises on an ongoing basis to test the robustness of our business continuity and disaster recovery plans in the event of crises. This preparation enables us to provide a robust response in emergency situations to help protect the safety of our people and the environment.

In 2021, we recommenced our physical emergency drills again, which we conducted at our various operational sites including our latest operations in Banang on our vessels.

The Group also has in place an alternate space for operations to continue operations in the event of an emergency, with a dedicated Business Continuity team that comprises members of the Leadership team and key operational heads.

HSE Performance

The Group is transparent in the communication of HSE related information. The latest OSH performance data is cascaded to employees, via monthly HSE dashboards. The dashboard indicates overall performance achieved based on a wide range of OSH indicators.

Beyond keeping employees in the know, the sharing of information serves to motivate employees and drive home the message that their individual performance can make a positive difference to PETRA'S OSH performance. It drives employees to better their performance on a monthly basis.

HSE Newsletter

Besides the aforementioned HSE Dashboard, related information is also shared via the company wide monthly newsletter. This newsletter covers all activities that includes stories and updates from the Group's HSE and Quality Assurance and Quality Control Departments.

SUSTAINABILITY STATEMENT

Supporting Mental Health Initiatives

At PETRA, we place strong emphasis on the overall health and well-being of employees. We are conscious of the impacts of the pandemic and believe in a holistic well-being and culture of our organisation. We have taken measures to create initiatives to ensure our employees, crew and men on the ground are well supported.

In 2021, we launched PETRA Clubhouse, a virtual platform hosted weekly for employees to support positive mental health. PETRA Clubhouse, provided a space for employees to get together virtually and unite over common interests not related to work.

PETRA also ensured crew in quarantine were being engaged constantly through virtual games and virtual hangouts to ensure positive well-being and health. This is an ongoing effort by the Company.



Behaviours and Culture

The Group also undertook a culture survey during the period to determine the effectiveness of its desired behaviour and culture programme. The survey was designed to solicit inputs on company culture and the day-to-day working environment from the perspective of individuals, teams/departments and leadership. The survey recorded an average score of 4 on the Likert Scale reflecting positive results.

DIVERSITY & EQUAL OPPORTUNITIES

Committed To Free And Fair Labour And Human Rights

In terms of employment, PETRA is guided by basic human rights principles and the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Group subscribes to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles.

PETRA has instituted the following procedures :

Elimination of excessive working hours

Compliance with minimum wage

Procedure on Fatigue Management

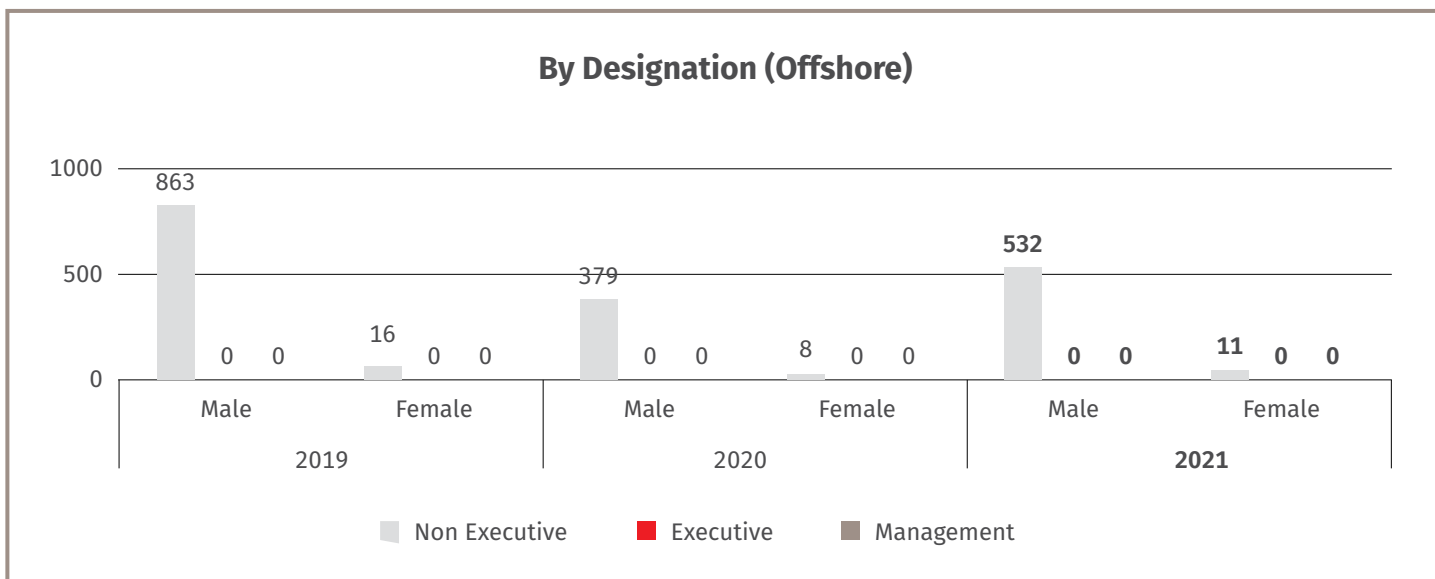
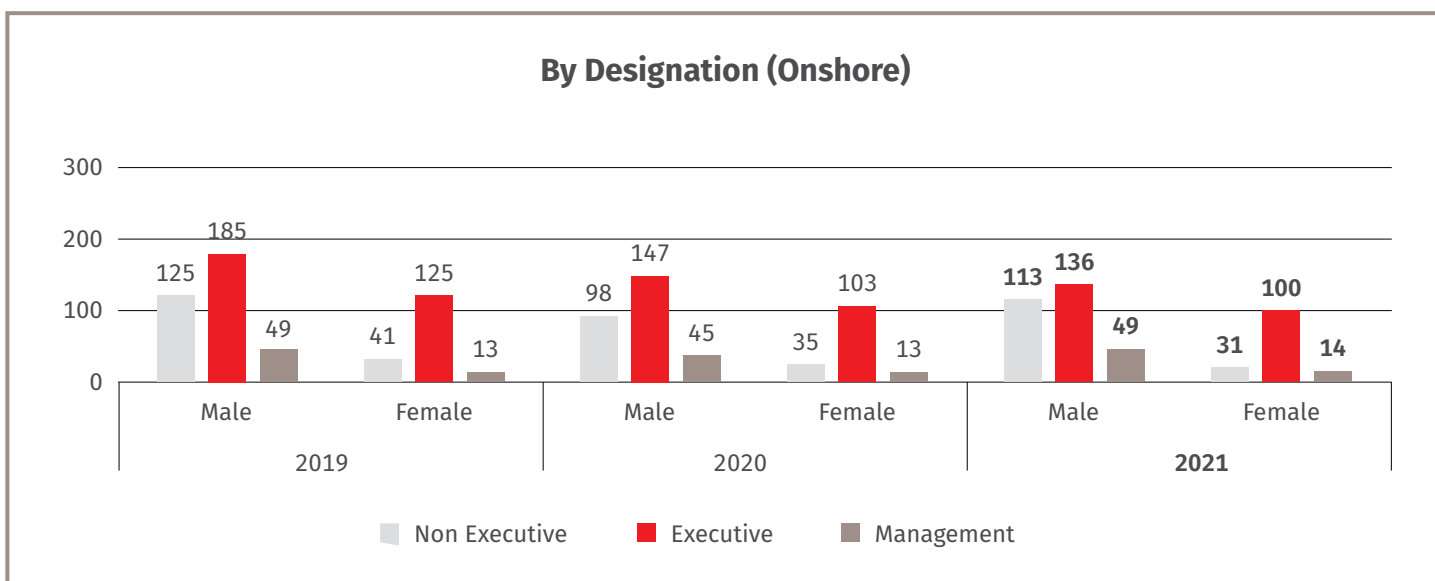
Prevention of child or force labour

Written policies that address non-discrimination, the creation of an equal opportunity workplace, gender and ethnic diversity

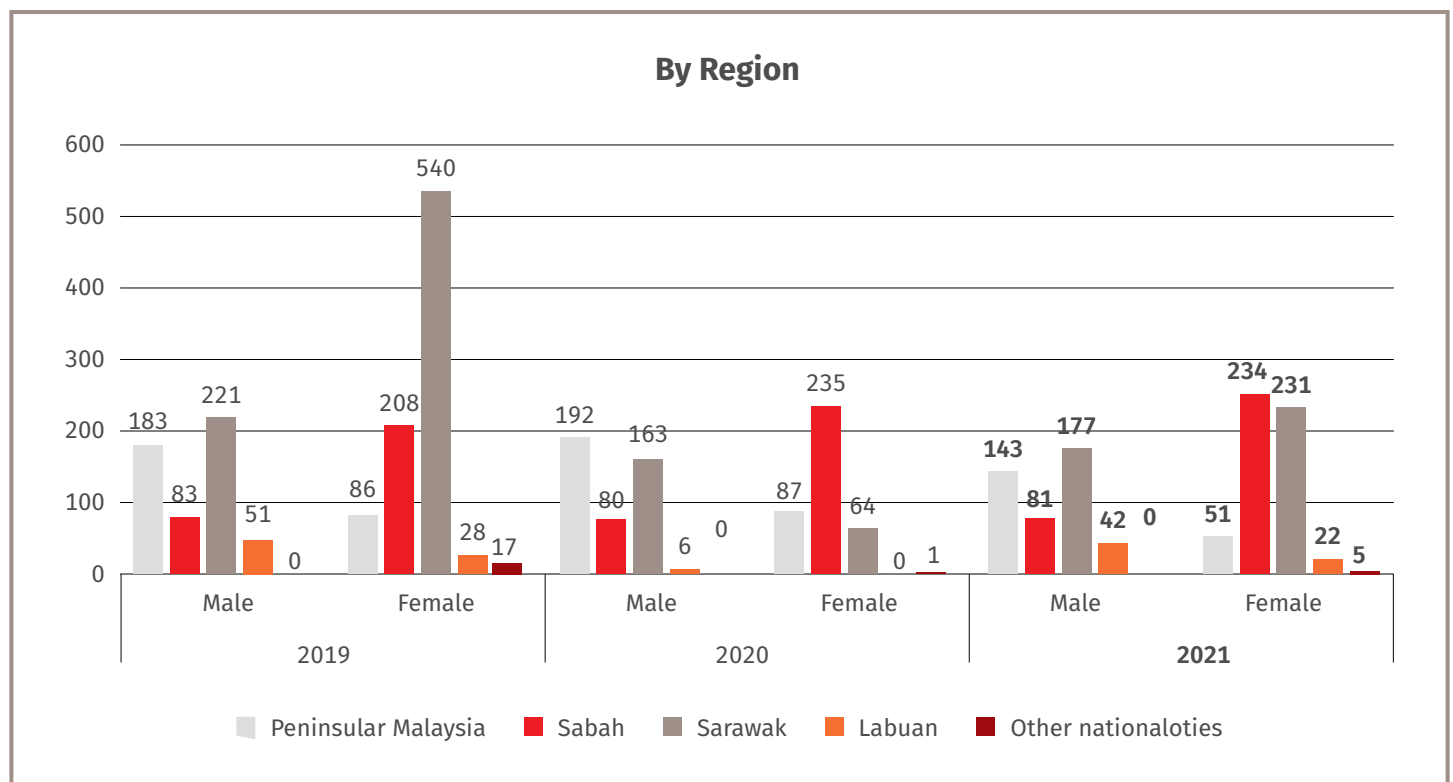
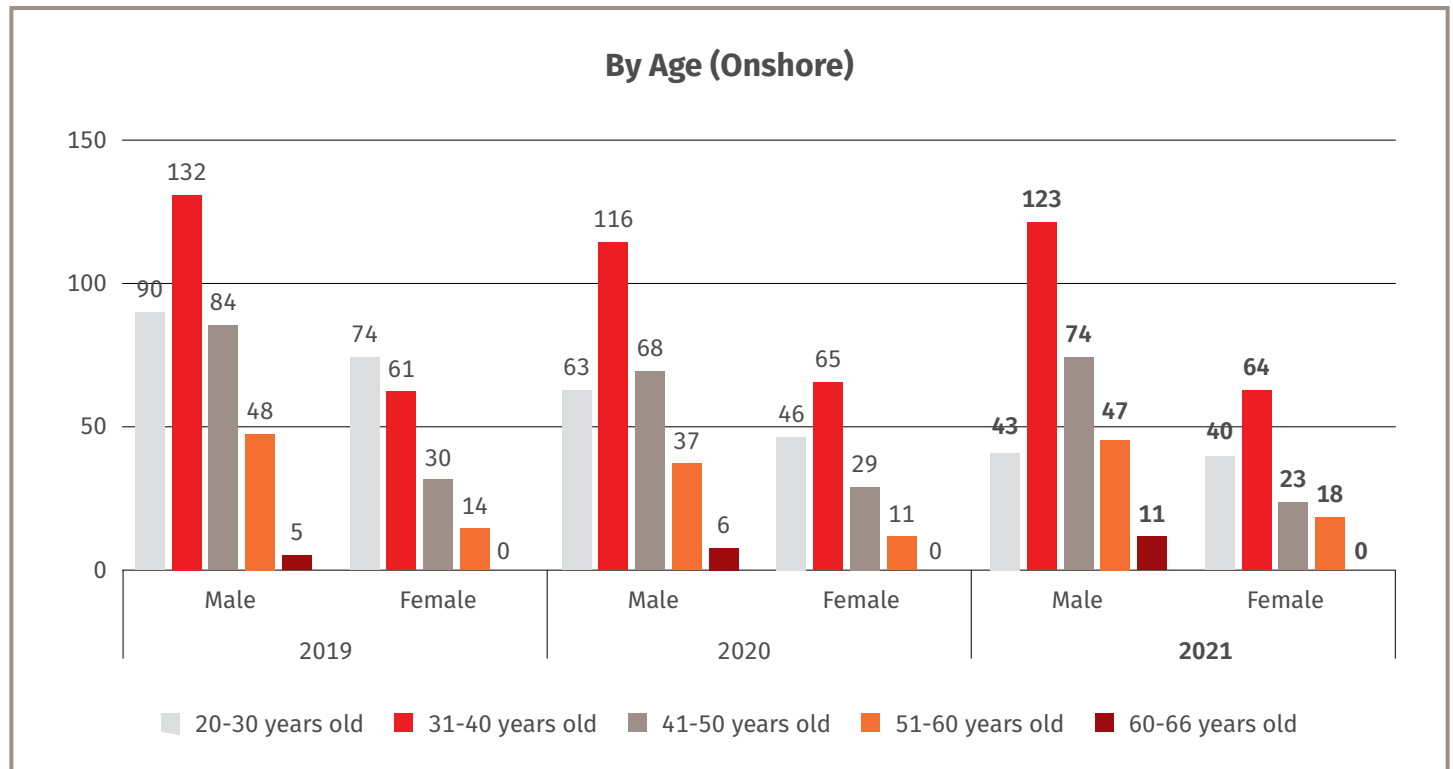
Compliance with Minimum Wage Order 2018

SUSTAINABILITY STATEMENT

In FY2021, PETRA continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of, forced or compulsory labour. Neither has there been any violation of human rights involving the rights of indigenous people at any time in PETRA's history.



SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT

Workforce Composition & Diversity

PETRA is committed to fostering workplace diversity in its workforce. Diversity allows the Group to benefit from varied perspectives and ideas. In today's globalised world, being able to tap the unique experiences of the workforce is an asset to a company.

Hence, the Group continues to seek individuals with varying skill sets and job experiences, even hiring talents not from the core business industries of water and energy operations.

Merit is the sole determinant in the hiring, developing, and retaining of talent. In essence, industry experience, job performance, academic and professional qualifications, seniority of tenure, leadership qualities and interpersonal skills are determinants for hiring, promotion and other career benefits.

PETRA strives to hire talent from local communities. Approximately 70% of our employees are from East Malaysia.

Total Employee Headcount And Employee Gender Composition

At present, there remains a disproportion in terms of gender parity with male employees still constituting a large composition of the workforce. This is expected as the oil and gas sector, in particular for offshore operations, typically involves more labour-intensive work demands, which are customarily not preferred by women. However, both men and women are accorded equal opportunity to apply to any available job positions with appointment based purely on merit.

The disproportion between male and female employees is considerably lower when considering the employee gender profile for non-manual jobs such as office-based jobs.

Compliance to Minimum Wage

PETRA complies with the Malaysian government's minimum wage policy with all employees earning monthly wages equal to or exceeding the set minimum wage of RM1,200 per month and will implement the RM 1,500 monthly minimum wage policy within our organisation as of 1 May 2022.

Enhancement of Maternity & Paternity Leave

In line with the International Labor Standard & Practices, the Group has implemented 98 days for maternity leave and 7 days for paternity leave as at March 2022.

Employee Grievance Mechanism

Employees have full access to an official grievance mechanism to express dissatisfaction with regards to any company-related matter. While employees are encouraged to attempt to resolve issues informally, management unequivocally supports employees' rights to bring up issues via this official channel for redress or further action.

Employees are neither censured nor discouraged from using the grievance mechanism. In FY2021, there were zero cases of grievance.

TRAINING & EDUCATION

PETRA continues to develop the professional competence and capabilities of our employees in supporting them towards improving their job performance and increasing employee morale and satisfaction.

Management's approach to training is based on several aspects. These include closing any performance or skills gaps that the respective employee may have, as a form of reward, to improve employee morale, to retain employees, or to enable employees to develop as future leaders of the Group working towards succession planning.

SUSTAINABILITY STATEMENT

Irrespective of the rationale behind justifying training, employee training is a key component of the Group's overall approach. Training is paid for by the Group through its contribution to the Human Resources Development Fund ("HRDF").

Employees in almost all instances enjoy fully sponsored participation at professional courses, seminars, training programmes and more.

Total Training Hours Per Employee

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020	FY2021
Male (onshore)	5,333	2,512	1,806	960
Female (onshore)	1,768	544	504	611
TOTAL (onshore)	7,101	3,056	2,310	1,571
Male (offshore)	10,104	14,168	6,260	32
Female (offshore)	N/A	N/A	N/A	N/A
TOTAL	10,104	14,168	6,260	32
CUMULATIVE TOTAL (Onshore + Offshore)	17,205	17,224	8,570	1,603

Average Training Hours Per Employee

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020	FY2021
Male (onshore)	15.02	7.00	6.22	4.03
Female (onshore)	8.50	3.04	3.33	4.21
TOTAL (onshore)	23.52	10.04	9.55	8.24
Male (offshore)	11.04	16.42	16.18	0.94
Female (offshore)	N/A	N/A	N/A	N/A
TOTAL (offshore)	11.04	16.42	16.18	0.94
CUMULATIVE TOTAL (Onshore + Offshore)	34.56	26.46	25.73	9.18

Training hours were reduced due to the COVID-19 pandemic reflecting a reduction in activities.

Employee Appraisals

100% of employees receive formal appraisals across the Group. Appraisals are vital for addressing individual training requirements but also in determining annual compensation packages, including employee bonuses.

The appraisal approach is meant to be a two-way constructive process, where employees can voice their own perspectives or views as to their own performance. Ultimately, the employee retains the right to accept or reject the appraisal.

Employees who disagree with their appraisal review scores can voice their grievance to HR via a formal employees' grievance mechanism system.

SUSTAINABILITY STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

#PETRACares

PETRA has continued to seek ways to fulfil our corporate social responsibility (“CSR”) commitments under the #PETRACares initiative, despite the challenges posed by the pandemic.

We shifted our sponsorships from physical events to the virtual space, given that much occurred online in FY2021. We sponsored the inaugural technology-based virtual industry event - Re-Imagining Malaysia Assets (RESET 2021), driven by the Society of Petroleum Engineers Kuala Lumpur (SPE KL) in collaboration with the Malaysian Oil & Gas Services Council (MOGSC) and Informa Markets, hosted by PETRONAS Carigali Sdn Bhd. The virtual event organized from 5-8th April 2021, featured more than 30 industry heavyweights as speakers and saw the participation of over 2000 local and foreign delegates from the oil and gas sector.

In the spirit of giving in the holy month of Ramadan, we extended our assistance to some of the underprivileged communities in the areas that we served. Three welfare homes and a tahfiz school received donations for the festivities during the month of May last year, leading up to Hari Raya Aidilfitri . We also extended our support to the Qurban program for the community in Paka, Terengganu, where our Banang project is located.

Given the extended lockdown last year, we also rerouted our giving for COVID-19 relief and support. We were able to help the refugee community via NGO with food and necessities, and conducted a food distribution exercise in July to show our gratitude to the tireless efforts of the frontliners at the Miri General Hospital.

We also started our culture and heritage preservation journey by supporting Badan Warisan Malaysia’s #TokSarawak project. The project, a series of curated talks in the form of a webinar format that seeks to highlight the history, heritage and communities of Sarawak, will continue into 2022.

December 2021 saw one of the worst floods that hit the Klang Valley in the last 50 years. With our own employees and their families affected, it was important to us to extend more than just monetary support and basic necessities such as food and clothes but to also get down to the ground to help with the post-flood cleaning.

Our total spend for CSR activities was more than halved at RM 84,741, from a spend of RM 197,999 in 2020 due to the reduction in physical engagements and activities, but we expect this to pick up again in 2022.



AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) comprises four (4) members who are Non-Executive Directors (“NEDs”) and majority of whom are Independent which is in line with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MainLR”):-

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Senior Independent Non-Executive Director
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	Member	Independent Non-Executive Director
Ng Ing Peng	Member	Independent Non-Executive Director
Gian Carlo Maccagno	Member	Non-Independent Non-Executive Director

None of the AC members was previously a partner in the incumbent external auditors, PricewaterhouseCoopers PLT in the previous three (3) years, nor does any of the AC members hold any financial interest in PricewaterhouseCoopers PLT.

ATTENDANCE OF AC MEMBERS AT MEETINGS

The AC held a total of five (5) meetings during the financial year ended 31 December 2021. The details of the attendance of the respective members are as follows:-

Name	No. of meetings attended ^
Abdul Rahim bin Abdul Hamid (Chairman)	5/5
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	5/5
Ng Ing Peng	5/5
Gian Carlo Maccagno	5/5

^ The meetings were held on 22 February 2021, 1 April 2021, 18 May 2021, 24 August 2021 and 18 November 2021.

SUMMARY OF WORKS OF THE AC

During the financial year ended 31 December 2021, the AC has carried out the following work activities in the discharge of its duties, functions and responsibilities:-

- a) Financial Matters & External Audit
 - Discussed the budget of the Group for year 2021, and recommended the same to the Board for approval
 - Reviewed the Unaudited Quarterly Reports on the consolidated results of the Group for the financial quarters ended 31 December 2020, 31 March 2021, 30 June 2021, 30 September 2021, and recommended the same to the Board for approval
 - Discussed the updates on the financial performance of the Group
 - Reviewed the Audited Financial Statements of the for the financial year ended 31 December 2020 to ensure that the financial statements and disclosures presented a true and fair view of the Company’s financial position and performance for the said year and are in compliance with the provisions of the Companies Act 2016 as well as the applicable Malaysian Financial Reporting Standards, and recommended the same to the Board for approval
 - Reviewed the audit findings including internal control concerns highlighted by the external auditors in relation to the financial statements of the Group for the financial year ended 31 December 2021
 - Met with the external auditors without the presence of the Management twice on 22 February 2021 and 18 November 2021
 - Reviewed the suitability, effectiveness and independence of the external auditors, and recommended their re-appointment to the Board to recommend the same to the shareholders for approval

AUDIT COMMITTEE REPORT

- b) Internal Audit
- Reviewed issues highlighted in the internal audit reports including its recommendations
 - Review status of corrective actions agreed to be implemented by Management
 - Reviewed and discussed the Group internal audit progress report on quarterly basis
 - Reviewed and approved the Annual Internal Audit Plan for year 2022
 - Assessed the adequacy of the scope, functions, competency and resources of the internal audit function
- c) Information Technology General Controls
- Reviewed internal controls concerns highlighted by consultant appointed to perform a review on the SAP S/4 Hana
 - Reviewed status of the required corrective actions Management implemented to address the concerns
 - Received update from the Head of Group Information Technology Department on the progress of the SAP S/4 Hana implementation
- d) Reviewed the Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPTs”) on quarterly basis to ensure that they are within the mandate approved by the shareholders at the Fifteenth Annual General Meeting of the Company held on 20 May 2021;
- e) Reviewed the Circular to Shareholders on the Renewal of Shareholders’ Mandate for the existing RRPTs and Proposed Renewal of Authority to Buy-Back its own Shares by the Company dated 22 April 2021, and recommended the same to the Board for approval;
- f) Reviewed the performance evaluation for AC, internal audit function and external auditors to streamline with the provisions of the MainLR and Malaysian Code on Corporate Governance;
- g) Reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020, and recommended the same to the Board for approval;
- h) Reviewed and confirmed the minutes of the AC meetings; and
- i) Reported to the Board on the proceedings of each AC meeting through the chairman of the AC.

STATEMENT ON INTERNAL AUDIT FUNCTION

Group Internal Audit Department (“GIA”) is an in-house function that carries out its activities in accordance with the Internal Audit Charter which defines the scope, authority, roles and responsibilities of internal audit function. It is an independent function that reports directly to the AC and administratively to the Group Chief Executive Officer.

GIA is headed by Mr. Foo Sek Thai (“Mr. Foo”) who was appointed as the Head of GIA in year 2021. He has more than 20 years of experience in internal audit and risk management in diverse industries. Prior to joining PEB, he was heading internal audit and risk management of another listed group. He once served a consulting firm that provided internal audit and risk management service to listed entities. He is a member of the Malaysian Institute of Accountants and a Chartered Member of Institute of Internal Auditors Malaysia.

Mr. Foo has regular and direct communication with AC and unrestricted access to the Executive Directors and Group Chief Financial Officer. One (1) manager and one (1) executive who have bachelor degree and diploma respectively report directly to him. All members of GIA have signed a written confirmation that they comply with the code of conduct of the Group and are free from any form of conflicts of interest which could impair their objectivity.

AUDIT COMMITTEE REPORT

Based on the internal audit plan approved by the AC, GIA performs independent assessment on the adequacy and effectiveness of the Group's system of internal control. GIA is guided by the International Professional Practice Framework (IPPF) in their works and the approach is risk based. For the financial year ended 31 December 2021, the scope of review included open tender to vendors, vendor development program, corporate governance review, project petty cash and cash advance management. Outcome of audit are reported to the AC and Top Management for their deliberation where the reports included recommendations and mitigation action plans established by the Management to mitigate the issues of concerns.

In addition, GIA carried out the following:

- Facilitated risk management process including the meetings and reporting for the various business units without compromising its independence
- Advisory role in the committee on anti-bribery management system
- Member of Procurement-to-Pay process improvement committee
- Consulting role in the ERP implementation
- Participated in key management meetings to keep abreast of the evolvement of the risks pertaining to the business environment

The total cost incurred by GIA for the financial year ended 31 December 2021 was approximately RM401,652.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement is made in accordance with the Paragraph 15.26(b) of the Main Market Listing Requirement, in line with Practice 10.2 of the Malaysian Code of Corporate Governance 2021 and is guided by Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

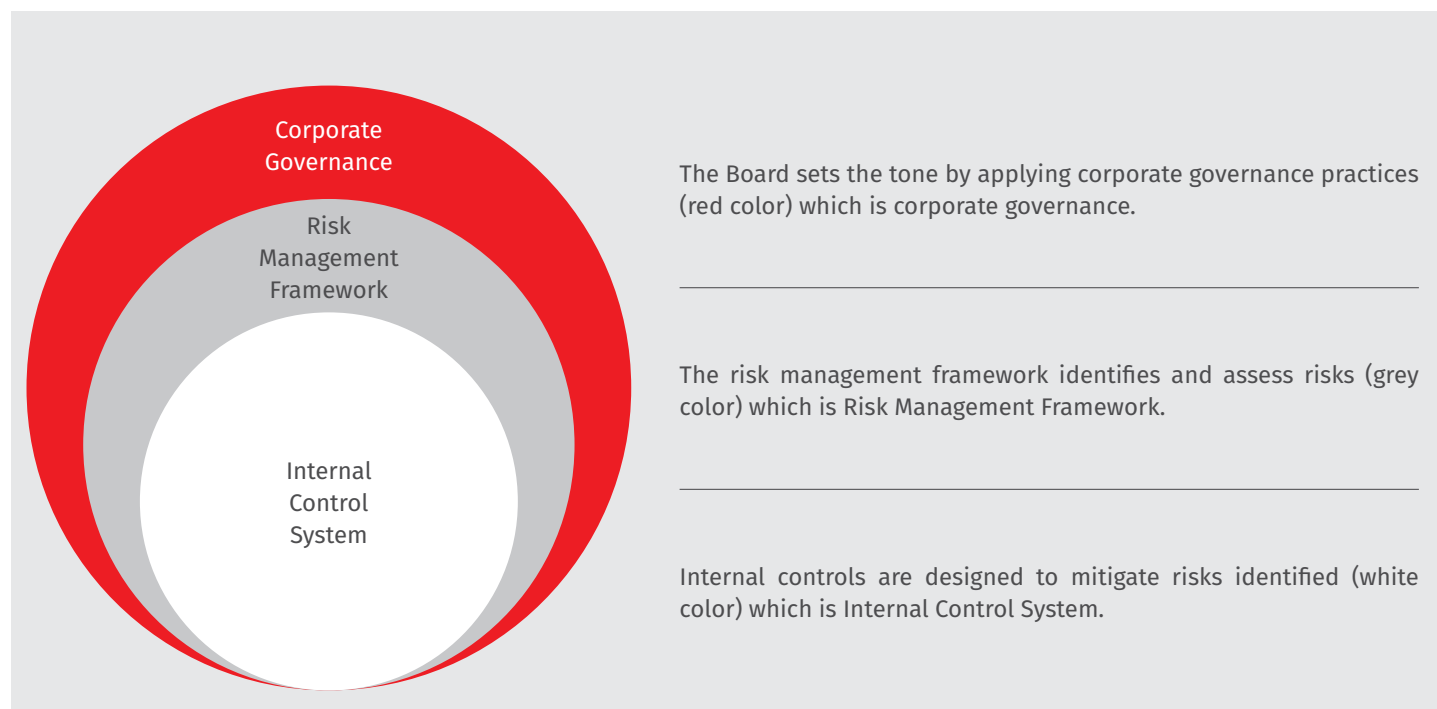
The Board of Directors (“**Board**”) is committed to maintaining sound, effective and efficient internal control and risk management that provide reasonable assurance to safeguard the Group’s assets and shareholders’ interests. This includes ensuring operational effectiveness and efficiency, financial reporting reliability and compliance with applicable laws and regulations.

The Board recognizes the limitations inherent in any risk management framework and internal control system, hence seeks to mitigate rather than eliminate risk of failure to achieve business objectives. In the pursuit of the Group’s strategies and business objectives, the risk management framework and internal control system established manage the material risks within the Group’s risk appetite. Accordingly, the systems provide reasonable and not absolute assurance against material error, misstatement or loss.

The Board confirms that the risk management framework and internal control system have been in place during the financial year and up to the date of approval of this statement.

RISK MANAGEMENT FRAMEWORK

As illustrated by the diagram below, governance framework of the Group is the starting point for risk management framework and internal control system.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The PEB Group Risk Register is diligently deliberated during the quarterly Board meetings. The Board is supported by the Risk Management Committee that comprises both independent and non-independent directors. Board Risk Management Committee (“**BRMC**”) reviews the Risks Register received from Risk Management Steering Committee (“**RMSC**”) before presenting it to the Board for further deliberation. The RMSC, which is formed by the Executive Directors and Group Chief Financial Officer (“**Group CFO**”), is assisted by the Group Internal Audit Department (“**GIA**”). GIA facilitates risk management sessions to identify and assess risks together with its mitigation plans at business unit level and key projects.

When deemed necessary, such as tendering for projects or potential business venture that are material, workshop is held to identify and assess risks. Relevant functional departments such as human capital, legal, compliance, safety and information technology are involved in the risk management process.

The risks identified and assessed are being managed by the respective management personnel, business units and functional departments. GIA conducts itself in accordance with *IIA Position Paper: The Role of Internal Auditing in Enterprise-Wide Risk Management*, limiting its roles to facilitation, making no risk management related decision.

Key Risks

The Board recognizes the need to effectively manage risk in order to ensure the long-term growth and enhancement of shareholders’ value. Board has been diligently deliberating on the key risks on a timely basis and closely monitoring implementation of mitigation actions. The Board identified **Business Sustainability and Growth** as the Group’s key risk as illustrated below.



Focus Area 1: Probability of continual deferment and uncertainty in securing hook-up commissioning (HUC) projects and potentially lesser amount of works order from maintenance, construction and modification (MCM) contract

Mitigation: Increase marketing efforts to capture new clients in the services segment across the entire value chain i.e. upstream, mid stream and downstream

Focus Area 2: Impact on vessel mobilisation & utilisation affected by project deferment/delays

Mitigation: Reduce the probability of redundancy by having flexible work barge/boat schedule e.g. schedule that accommodates opportunities to farm out vessels to 3rd parties or having back-up vessels that can provide service within relatively short notice period

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Focus Area 3: Focus areas (1) and (2) may expose the Group to stress in cash flows

Mitigation: Tighten controls over cash flow management including budgeted spending in key cost drivers such as salaries and benefits of direct and indirect manpower, vessel maintenance and management, as well as administrative expenditures

Focus Area 4: Capitalizing on opportunities for expansions and growth (positive risk)

Mitigation: Explore and develop new growth opportunities such as merger and acquisition potentials within the energy industry, pursuing matured assets or small discovered fields and potential business development within the renewable energy scope

Focus Area 5: Energy in transition and sustainability agenda

Mitigation: Embark on sustainability journey, starting with appointment of sustainability consultant to develop the Group's Sustainability Framework and other defined scopes

Focus Area 6: While banks & capital markets are reducing their exposure to oil and gas industry, PEB should also be selective before venturing into any strategic businesses

Mitigation: Maintain current core business while exploring business potential with ESG opportunities to balance the business portfolios of the Group e.g. renewables, downstream gas

INTERNAL CONTROL SYSTEM

Organisational Structure – The Group has a well-defined organisational structure that is aligned with business and operational requirements. Each business unit or operating function is headed by a responsible person with clear lines of reporting to ensure responsibilities and accountabilities throughout the Group.

Code of Conduct - Code of Conduct (“**the Code**”) governs employees’ ethical conduct, outlines the expected ethical values and behaviours such as integrity, good attendance, punctuality and appearance, and prohibits instances on alcohol and drug abuse as well as sexual harassment. The Code also covers issues pertaining to employees’ commitment, confidentiality, insubordination, making public statements and conflicts of interest.

Policies and Procedures – The Group has a formalized set of policies and procedures to ensure the internal controls and compliance with relevant laws and regulation. For key businesses and processes, these policies and procedures are certified by ISO9001:2015 Quality Management System.

Enterprise Resource Planning (ERP) System – The Group has embarked on the journey of computerizing business processes. In particular, SAP Hana had been implemented to minimize errors and mitigate the risk of potential circumvention of the required procedures such as on accounting and procurement. The Group has an SAP Hana Steering Committee that oversaw the implementation and performance of the ERP System.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Group Limits of Authority (LOA) – The LOA approved by the Board defines the level of authority in making operational and commercial business decisions for the Board and various levels of management. Where appropriate and possible, these authority limits are embedded into the computerized system including the ERP System.

Business Plan and Budget – Goals and targets are set during the annual business planning and budgeting process where the Board reviewed and approved. Both the Board and Top Management monitor the financial performance via periodic reports and financial forecast. Also closely monitored periodically by the Top Management is the respective projects' actual against project budgets to ensure that they are on track to achieve the desired profitability.

Projects Performance Management – In addition to a group of competent project management teams, Cost Control Department and Contract Administration Department played key roles in monitoring and supporting project performance. Also, Top Management oversees the project performance through monthly Project Excellence Council meetings that review and address key issues affecting the projects.

Human Capital Management – The Group has a systematic process to administer personnel productivity, performance, growth and succession planning. Formal and periodic appraisals are conducted against Key Performance Indicator (“KPI”) that had been aligned with the Group’s strategic direction. In addition, under the Talent Management Framework, the Group has a Succession Plan for key positions which had been approved by the Board.

Physical Safeguards and Insurance – Physical safeguard is the basic control that had been put in place to protect the Group’s assets. Besides, the Group undertakes adequate insurance coverage which is being reviewed from time to time to ensure that the assets are sufficiently covered against mishaps or unwanted events.

Health, Safety and Environment – In line with the Group’s emphasis on health, safety and environment, robust policies and procedures had been established to ensure that these items remain a priority of the business operations. This includes continuous training and awareness programs throughout the year and every project’s lifecycle. In year 2021, key operations of the Group had obtained certifications of ISO 14001:2015 Environment Management System and ISO 45001:2018 Occupational Health and Safety Management System.

Anti-Bribery – The Group is zero tolerance against any form of bribery and has embarked on journey to achieve the highest level of integrity among its employees. A Compliance Department had been formed and Integrity Officer had been appointed to ensure the success of this journey. In year 2021, PEB received certification of ISO 37001:2016 on Anti-Bribery Management System.

Whistle Blower Policy – The Group provides a reporting channel for employees and any person external to the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty, bribery or corrupt practices, or a violation of the Code. The Group will not tolerate any irresponsible, corrupt or unethical behaviour that would jeopardize its good standing and reputation.

Information and Communication – Communication and information flow through reporting lines across the Group. The Board receives timely inputs from the Group Chief Executive Officer (“Group CEO”), Group CFO and is supported by Board Committees, external and internal auditors. The Board practices being inquisitive over the Group’s state of affairs and when deemed necessary, the Board requests for additional information for further review and clarification.

Internal Audit – The Group Internal Audit (GIA) acts as an independent appraisal function to assess the adequacy and effectiveness of internal controls. GIA reports directly to the Board’s Audit Committee and administratively to the Group CEO. Details of internal audit function can be found in the Statement on Internal Audit Function in the Audit Committee Report.

External Audit Function – The External Auditor’s annual audit strategy, audit plan and scope of work for the financial year in relation to the audit services on the Group’s financial statements as well as non-audit services, if any, are reviewed and approved by the Board Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditor have reviewed this Statement on Risk Management and Internal Control based on the limited assurance engagement in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants.

In addition, the Group and certain subsidiaries, which are accredited with various quality, health, safety and environment and other certifications, undergo scheduled on-site audits by auditors of the relevant industry certification bodies. The results of these audits are reported to the management.

Board Committees – The Board, through its Audit Committee and Risk Management Committee reviewed the internal control and risk management system during their periodic meetings based on the reports received from Management and with the support of internal and external auditors. The Board deliberates thoroughly on issues of concerns while members of Top Management have been earnest in addressing any gap to strengthen and optimize the system.

Associated Company – There is no associated company with material transactions during the financial year.

CONCLUSION

The Board has received an assurance from the Group CEO and Group CFO of PEB that the risk management framework and internal control system are operating adequately and effective, in all material aspects.

The Board is of the opinion that the Group's Risk Management Framework and Internal Control System are adequate and functioning effectively to manage all identified risks to an acceptable level that is in line with its long-term goals and objectives. The Board will continue to monitor and ensure that the risk management framework and internal control system continue to function effectively in the changing and challenging business environment.

This statement was approved by the Board on 13 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of PETRA Energy Berhad (the “**Company**” or “**PEB**”) (the “**Board**”) recognises the importance of practising high standards and excellence in corporate governance in the best interest of PEB and for all its stakeholders, and to protect and enhance shareholders’ value and the performance of the Company and its subsidiaries (the “**Group**”). The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board of PEB is pleased to present this Corporate Governance (“**CG**”) Overview Statement (the “**Statement**”) to provide shareholders and investors an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the new Malaysian Code on Corporate Governance (“**MCCG**”) with reference to the following three (3) key principles, under the stewardship of the Board:-

Principle A	Board Leadership and Effectiveness	<ul style="list-style-type: none"> • Board responsibilities • Board composition • Remuneration
Principle B	Effective Audit and Risk Management	<ul style="list-style-type: none"> • Audit committee • Risk management and internal control
Principle C	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	<ul style="list-style-type: none"> • Engagement with stakeholders • Conduct of general meetings

This Statement also serves as a compliance with Paragraph 15.25(1) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**MainLR**”) and should be read together with the CG Report of the Company for the financial year ended 31 December 2021 (“**FYE 2021**”) published on the Company’s website at www.PETRAenergy.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

1.1 The Board is focused on the Group’s overall governance in order to meet its Company’s strategic aims. The Board relies on the reports provided by the Group Chief Executive Officer (“**GCEO**”) who oversees the entire business and operations of the Group.

At each Board and Board Committee Meeting, and as and when the need arises, the GCEO together with the Executive Directors (where necessary) briefed the Directors on the current operations, plans and issues encountered by the Group to keep the Board abreast on the Company’s current state of affairs. This would help in formulation of the Company’s overall strategies, both short-term and long-term.

As part of the Group efforts to ensure the effective discharge of its duties, the Board has delegated specific duties and responsibilities to four (4) other Board Committees namely: -

- i) Audit Committee (“**AC**”)
- ii) Nominating Committee (“**NC**”)
- iii) Remuneration Committee
- iv) Board Risk Management Committee (“**BRMC**”)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Each committee is to assist the Board in overseeing the Company's affairs and in deliberation of issues within their respective functions and Terms of Reference. The Chairman of each Committee will report to the Board on the deliberations and outcome of the Committee's meetings, which includes the key issues deliberated at the Committee's meetings.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company during the financial year ended 31 December 2021 ("**FYE 2021**"), the Board had, amongst others:-

- (a) reviewed, challenged and decided on Management's proposals and monitored the implementation by Management;
- (b) promoted good governance culture within the Company;
- (c) ensured that the strategic plan of the Company supports long term value creation and sustainability;
- (d) supervised and assessed Management performance;
- (e) ensured there is a sound framework for internal controls and risk management;
- (f) understood the principal risks surrounding the Group's business and set the risk appetite to ensure the risks are properly managed;
- (g) ensured the integrity of the Company's financial and non-financial reporting; and
- (h) ensured that the Company has in place procedures to enable effective communication with stakeholders.

1.2 The Chairman of the Board has:-

- (a) led Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director;
- (b) provided leadership to the Board without limiting the principle of collective responsibility for the Board decisions;
- (c) reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed;
- (d) led the Board in establishing and monitoring good corporate governance practices in the Company;
- (e) ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- (f) performing other responsibilities assigned by the Board from time to time.

1.3 The positions of the Chairman of the Board and GCEO have always been held by two (2) different individuals and each has a clear accepted division of responsibilities between two (2) roles to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

1.4 The Chairman of the Board is a member of the AC and the Board is of the opinion that the experience and qualification of Tan Sri Datuk Seri Panglima Sulong bin Matjeraie is imperative for the AC in forming opinions and deciding on recommendations to be submitted to the Board. To attenuate the potential situation of self-review, conclusion and recommendations made by the AC are largely decided by the other three (3) members of the AC. In addition, during the FYE 2021, all the five (5) AC meetings were attended by the four (4) AC members.

1.5 The Company is supported by two (2) suitably qualified and competent Company Secretaries.

The Company Secretaries are the external Company Secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

During the FYE 2021, the Company Secretaries had discharged their duties and responsibilities accordingly, and had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, CG, and other pertinent matters, and with changes in the regulatory environment through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions, duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 1.6 The Notice of the Board Meeting is served to the Directors at least seven (7) days prior to the Board Meeting unless there is an exceptional case.

During the FYE 2021, all meeting materials are circulated the Directors at least three (3) days in electronic form prior to the Board Meeting, to allow ample time for Directors to consider the relevant information.

The Management takes cognizance of the importance of providing complete and adequate information to the Directors on a timely basis to enable them to make informed decisions to discharge their duties and responsibilities. They will continue to strive in ensuring that the complete meeting materials are circulated at least five (5) business days in advance of the meetings.

Intended Outcome 2.0

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and individual Directors.

- 2.1 The Board has published the latest Board Charter on the Company's website at www.PETRAenergy.com.my, which was reviewed, updated and approved by the Board on 1 April 2022. The respective roles and responsibilities of the Board, Board Committees, Executive Directors/CGEO, Independent Directors and management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.

Activities of the NC

During the FYE 2021, the NC held one (1) meeting to undertake the following activities in the discharge of its duties and responsibilities:-

- (i) reviewed and confirmed the Minutes of the NC meetings held;
- (ii) examined the composition of the Board;
- (iii) reviewed the required mix of skills, experience and other qualities of the Board;
- (iv) reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a Director through a comprehensive assessment system;
- (v) conducted evaluation to assess the effectiveness of the Board as a whole and the Board Committees;
- (vi) reviewed the term of office of the AC and assessed its effectiveness as a whole;
- (vii) reviewed the independence of the Independent Directors and assessed their ability to bring independent and objective judgement to Board deliberations; and
- (viii) recommended the re-election of the directors who are to retire by rotation at the Fifteenth Annual General Meeting ("AGM").

During the FYE 2021, the Board had convened a total of eight (8) Board of Directors' Meetings for the purposes of deliberating on the Company's quarterly financial results and discussing other strategic and important matters. During the Board of Directors' Meetings, the Board reviewed the operations and performance of the Group and other strategic issues that may affect the Group's business. Relevant senior management members were invited to attend some of the Board of Directors' Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC has reviewed the attendance of the Directors at Board and/or Board Committee Meetings, and noted the Directors, to the best of their ability, have devoted sufficient time and effort to attend the Board and/or Board Committee meetings held in the FYE 2021.

The attendance of Directors who are members of Board committees during the FYE 2021 is set out below:-

Directors	Directorship	Board	AC	BRMC	NC	RC
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	Independent Non-Executive Director (“INED”)	8/8	5/5	Not member	Not member	Not member
Abdul Rahim bin Abdul Hamid	Senior INED	8/8	5/5	4/4	1/1	2/2
Ng Ing Peng	INED	8/8	5/5	Not member	1/1	2/2
Gian Carlo Maccagno	Non-Independent Non-Executive Director (“NINED”)	8/8	5/5	4/4	Not member	2/2
Dato’ Anthony @ Firdaus bin Bujang	Executive Director (“ED”)/Group Chief Executive Director	8/8	Not member	Not member	Not member	Not member
Dato Ahmadi bin Yusoff	ED	8/8	Not member	Not member	Not member	Not member
Simon Ong	ED	8/8	Not member	4/4	Not member	Not member

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

The Board has cultivated the following best practices:-

- All newly appointed Directors are to attend the Mandatory Accreditation Programme as prescribed by the MainLR within the stipulated timeframe;
- All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment; and
- The Directors are briefed by the Company Secretaries on updates by Bursa Securities periodically.

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FYE 2021, the Board members had participated in the following trainings and/or courses:-

Name of Directors	Date	Description of Training Programmes
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	1. 10 March 2021	1. Ho Hup Construction Company Berhad Training Meeting
	2. 13 March 2021	2. Transforming Construction Business Bottom Line* New Perspective on Future Performance Challenges by Mr. Boey Tak Kong CA(M), FCCA, ACIS (CS) (CGP) MMIM, MIMM
	3. 7 April 2021	3. Rethinking Corporate Risk to Manage Market Uncertainty- Ethics Regulatory Compliance and Control Environment
	4. 4 June 2021	4. Doubling Down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance organised by KPMG.
	5. 2 September 2021	5. Latest Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries & Malaysian Code on Corporate Governance (Revised) (MCCG) organised by TRICOR Training Academy
	6. 12 October 2021	6. Bengkel Semakan Pelan Strategik Separuh Tahun 2021, UNIMAS
	7. 2 December 2021	7. Key Updates on Tax Budget by Deloitte organised for Directors of WTK HOLDINGS BERHAD
	8. 6 – 7 December 2021	8. Bengkel Pencapaian Pelan Strategik UNIMAS 2021
	9. 13 December 2021	9. Fraud Risk Management Practical Tips to Take Away - by Mr Alan Tan, Michael Sprake, Mr. Chuen Shiong Tee and Mr. Tan organised by PwC
Abdul Rahim bin Abdul Hamid	1. 8 June 2021	1. Enterprise Risk Management- Awareness Training
	2. 12 August 2021	2. Digital Disruptions – Winning Strategies for Legacy Companies
Ng Ing Peng	1. 18 – 20 January 2021	1. Mandatory Accreditation Program for Directors of Public Listing Companies
	2. 9 – 10 February 2021	2. Managing Recurrent Related Party Transactions
	3. 15 – 16 March 2021	3. MIA's Audit Committee Conference 2021
	4. 30 April 2021	4. Briefing by BDO PLT on Overview of Integrated Reporting
	5. 28 & 31 May 2021	5. Key Disclosure Obligations of Listed Company
	6. 1 June 2021	6. Implementing Amendments in the MCCG
	7. 12 – 13 October 2021	7. Understanding Board Decision Making Process
	8. 10 December 2021	8. Fraud Risk Management Workshop
	9. 21 December 2021	9. Malaysia Budget 2022- Tax Highlights and their Implications
Gian Carlo Maccagno	1. 6 May 2021	1. Envisioning Leadership Workshop
	2. 24 – 27 May 2021	2. Global HSE Leadership Program
	3. 8 – 10 June 2021	3. 8th Credit Suisse Australian Energy Conference
	4. 29 June 2021	4. Carbon targets in Malaysia: Challenges and Opportunities
	5. 22 July 2021	5. Credit Suisse Global Supertrends Conference 2021
	6. 12 August 2021	6. Covid and the Malaysian Economy
	7. 9 September 2021	7. Wasco i-Start: Leadership Coaching Session
	8. 3 November 2021	8. Trading Solutions Webinar Series - 'What's Next?'
	9. 30 November 2021	9. Wasco i-Start: Leadership Coaching Session
Dato' Anthony Firdaus bin Bujang	1. 25 February 2022	1. ESG Awareness by PwC Consultancy for Petra Energy Bhd.
	2. 15 – 16 March 2021	2. Agility, Empathy, & Resilience : How Audit Committee Will Thrive in the New Normal
	3. 17 June 2021	3. Talk by Encik Zainul Rahim, Chairman Hibiscus on "Green Energy, Blue Skies and Black Gold. Are we at break point?"
	4. 27 & 28 July 2021	4. Public Sector Internal Audit : Elevating The Public Sector, Enhancing Trust
	5. 11 November 2021	5. Dana Awam Syariah RM1B Untuk Usahawan Bumiputera
Dato Ahmadi Yusoff	1. 17 June 2021	1. Talk by Encik Zainul Rahim, Chairman Hibiscus on "Green Energy, Blue Skies and Black Gold. Are we at break point?"
	2. 30 June 2021	2. ESG Awareness by PwC Consultancy for Petra Energy Bhd.
	3. 15 July 2021	
	4. 2 November 2021	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Simon Ong	<ol style="list-style-type: none"> 1. 17 June 2021 2. 30 June 2021 3. 15 July 2021 4. 2 November 2021 	<ol style="list-style-type: none"> 1. Talk by Encik Zainul Rahim, Chairman Hibiscus on “Green Energy, Blue Skies and Black Gold. Are we at break point?” 2. The Updated Malaysian Code on Corporate Governance April 2021 3. Webinar by MPRC “National OGSE – Sustainability Forum Series 1 – Sustainability from the Lens of Investments and Energy Transition” 4. Round Table “My Life in Safety” facilitated by Dr Krishna Bala
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The Board, with the assistance of the Nominating Committee would determine a continuous education programme for Board members to upgrade their skills in enhancing their effective contribution.

Intended Outcome 3.0

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 The Company had adopted the Code of Ethics issued by the Companies Commission of Malaysia that are applicable to all Directors of the Group. The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for director, in line with the Company’s core values which emphasize on behavioural ethics when dealing with third parties and employees. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.

The Company had also adopted the Code of Conduct, which governs the professional conduct of its employees and outlines their responsibilities to the Group in performing their duties.

3.2 The Board had on 24 August 2021 revised its Whistleblowing Policy to facilitate whistleblowing or disclosure through established channels about instances of unethical behaviors, actual or suspected fraud, dishonesty, violations or wrongdoings without fear of retaliation should they act in good faith when reporting such concerns.

The Whistleblower Policy is available on the Company’s website at www.PETRAenergy.com.my and would be reviewed by the Board as and when necessary to ensure relevance and effectiveness.

Intended Outcome 4.0

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

4.1 The Company is in the midst of establishing a Sustainability Framework and Strategy. The Management is currently working on the Sustainability Framework and Strategy for the Group. The same will be presented to the Board of Directors for review and approval in due course.

4.2 The Board believe that engagement, consultation, and seeking regular feedback are key steps in driving sustainability at the Company. The collective views, opinions and insight from the stakeholders help the Board make informed decision, while aligning the stakeholders’ expectation with the Company sustainability priorities and business approach.

4.3 The Board through the NC assesses the training programmes attended by each Director during the financial year to ensure they are kept abreast with the latest development in industry as well as the sustainability issues relevant to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 4.4 The Board and Senior Management have carried out a number of measures targeted at mitigating the risks inherent to the operating model, based on the analysis of material aspects during the financial year including the fluidity of capital market dynamics, regulatory space and the global economic landscape, as well as issues that are important to the stakeholders.
- 4.5 The board will identify a designated person within Management to provide dedicated focus to manage sustainability risks and opportunities when the need arises.

II. BOARD COMPOSITION

Intended Outcome 5.0

Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

- 5.1 The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis while the annual re-election of retiring Directors has been contingent on satisfactory evaluation of the retiring Directors' performance and contribution to the Board.

- 5.2 The Board currently comprises two (2) INEDs, one (1) Senior INED, one (1) NINED and three (3) EDs.

The Board comprises 42% Independent Directors. Even though it is less than half (50%), the Board views the number of its INEDs as adequate to provide the necessary check and balance to the Board's decision-making process. Further, as the Chairman of the Board who is independent, has been providing strong leadership necessary to marshal the Board's priorities objectively.

- 5.3 The NC had assessed the performance and independence of Encik Abdul Rahim bin Abdul Hamid ("**Encik Rahim**"), who will reach the cumulative period of more than nine (9) years from 13 July 2019 onwards.

The Board, being satisfied with the justifications and criteria based on the recommendation of NC, shall be seeking the shareholders' approval at this forthcoming Sixteenth AGM of the Company on the retention of his directorate as Independent Directors through a two-tier voting process.

- 5.4 The board has no policy to limit the tenure of its Independent Directors to nine (9) years without further extension.
- 5.5 In pursuit of the Diversity Policy, the NC is mindful of its responsibilities to conduct all Board appointments through various approaches and sources in a manner that promotes diversity in the Board which can offer greater depth and breadth in Board discussions. Other factors taken into consideration include suitability for the role, Board balance and composition, the required mix of skills, the candidate's background, knowledge, integrity, competency, experience and potential contribution to the Group, and additionally, in the case of the candidate proposed for appointment as Independent Director, the candidate's independence based on the criteria stipulated in the Listing Requirements.
- 5.6 The Board is aware of the guidance to utilise independent sources for future appointments and to disclose how a Board member is sourced in the Company's annual report.
- 5.7 The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board annual evaluation (including the independence of INED).
- 5.8 The NC is chaired by a INED. Madam Ng Ing Peng had led the annual review of Board effectiveness, ensuring that the performance of each individual director is independently assessed and will lead the appointment of future board members, including the future Chairman and GCEO.

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5.9 The Board currently comprises seven (7) Directors, one (1) of whom is a woman, equivalent to 14.3% female representation at the Board level. The Company sees diversity at the Board as an essential element in supporting the attainment of its strategic objectives and sustainable development. This includes having woman on the Board. Whenever there is an opening for new Director in the future, the Board will ensure that women are sought and included among candidates to be considered for appointment.

5.10 Currently, the Board does not have any formalised Board Diversity Policy or Gender Diversity Policy.

However, more women representation on the Board and in senior management will be taken into consideration when vacancies arise, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

Intended Outcome 6.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

6.1 During the FYE 2021, the Board, through the NC, has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director:-

- (i) Directors' self-assessment;
- (ii) Evaluation on the effectiveness of the Board as a whole and Board Committees;
- (iii) Assessment of Independent Directors; and
- (iv) Review of the term of office and performance of the AC and each of its members.

Based on the aforesaid evaluations conducted for the FYE 2021, the NC and the Board were satisfied with the performance of the Board as a whole, AC, NC and individual Board member.

III. REMUNERATION

Intended Outcome 7.0

The level and composition of remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the board and senior management to drive the Company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

7.1 Currently, the Board does not have any formalised remuneration policy for Directors and senior management. The remuneration policy that sets out the criteria to be used in recommending remuneration packages for the EDs/GCEO and any senior management personnel is currently being drafted and shall be adopted for implementation upon the Board's approval.

7.2 The Board has a RC that assists the Board in reviewing and recommending the proposed remuneration package of the Executive Directors including Directors of subsidiary companies, and senior management to ensure that the executive directors and senior management are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives, which rewards contribution to the long-term success of the Company in promoting business stability and growth.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Intended Outcome 8.0

Stakeholders are able to assess whether the remuneration of Directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.

8.1 The breakdown of the remuneration of each individual Director for the FYE 2021 is as follows:-

(i) Company Level

Name of Director	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
EDs						
Dato' Anthony @ Firdauz bin Bujang	-	-	1,008,000.00	262,500.00	-	207,000.00
Dato Ahmadi bin Yusoff	-	-	623,322.00	152,775.00	-	36,666.00
Simon Ong	-	-	623,322.00	235,273.50	-	96,666.00
Total	-	-	2,254,644.00	650,548.50	-	340,332.00
Non-EDs						
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	138,000.00	11,200.00	-	-	-	-
Abdul Rahim bin Abdul Hamid	171,000.00	16,800.00	-	-	-	-
Gian Carlo Maccagno	96,000.00	16,000.00	-	-	-	-
Ng Ing Peng	117,000.00	13,600.00	-	-	-	-
Total	522,000.00	57,600.00	-	-	-	-

(ii) Group Level

Name of Director	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
EDs						
Dato' Anthony @ Firdauz bin Bujang	-	-	1,008,000.00	262,500.00	-	207,000.00
Dato Ahmadi bin Yusoff	-	-	623,322.00	152,775.00	-	36,666.00
Simon Ong	-	-	623,322.00	235,273.50	-	96,666.00
Total	-	-	2,254,644.00	650,548.50	-	340,332.00
Non-EDs						
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	138,000.00	11,200.00	-	-	-	-
Abdul Rahim bin Abdul Hamid	171,000.00	16,800.00	-	-	-	-
Gian Carlo Maccagno	96,000.00	16,000.00	-	-	-	-
Ng Ing Peng	117,000.00	13,600.00	-	-	-	-
Total	522,000.00	57,600.00	-	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 8.2 The Board is of the view that it is inappropriate to disclose the remuneration of senior management staff on a named basis, for the best interest of the Group in mind, and taking into consideration the sensitivity, security, and issue of staff morale.

The top eight senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00, are as follows:-

Range Remuneration per annum	Number of Senior Management
RM550,001 – RM600,000	1
RM500,001 – RM550,000	1
RM450,001 – RM500,000	1
RM300,001 – RM350,000	5

- 8.3 The detailed remuneration of each member of senior management on a named basis will not be disclosed for confidentiality purposes.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Intended Outcome 9.0

There is an effective and independent AC.

The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information.

- 9.1 The AC is chaired by Encik Rahim, the Senior INED, which is a separate person from the chair of the Board. He is responsible to ensure the overall effectiveness and independence of the AC.
- 9.2 The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. None of the AC members was former key audit partners and the Board has no intention to appoint any former key audit partner as a member of the AC or Board.
- 9.3 The AC recommended Messrs. PricewaterhouseCoopers PLT ("**PwC**") to be re-appointed in FYE 2021 based on PwC's:-
- Active communication with the AC.
 - Presentation of a comprehensive audit plan and audit findings.
 - Provision of the necessary quality of services required.
 - Sufficient resources to carry out the audit.
 - Declaration of independence in accordance with the By-Laws of the Malaysian Institute of Accountants (on Professional Ethics, Conduct and Practice) are in order.

The Board noted PwC's willingness to continue in office for the ensuring year and having reviewed the justifications provided by the AC, the Board has in turn, recommended the same for shareholders' approval at the Sixteenth AGM of the Company.

- 9.4 The AC comprises only a majority of Independent Directors, which is in compliance with the MainLR.
- 9.5 The Board ensured that the AC as a whole is financially literate and are able to understand the Company's business and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 10.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

10.1 The Board is committed to maintaining sound, effective and efficient internal control system and risk management framework that provide reasonable assurance to safeguard the Group's assets and shareholders' interests. This includes ensuring operational effectiveness and efficiency, financial reporting reliability and compliance with applicable laws and regulations.

The Board recognizes the limitations inherent in any risk management framework and internal control system, hence seeks to mitigate rather than eliminate risk of failure to achieve business objectives. In the pursuit of the Group's strategies and business objectives, the risk management framework and internal control system established manage the material risks within the Group's risk appetite. Accordingly, the systems provide reasonable and not absolute assurance against material error, misstatement or loss.

The Board confirms that the risk management framework and internal control system have been in place during the financial year.

10.2 Features of risk management and internal control framework have been disclosed in the Statement on Risk Management and Internal Control in the 2021 Annual Report.

10.3 There is a BRMC, although it does not comprise a majority of independent directors, to oversee the company's risk management framework and policies.

Intended Outcome 11.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

11.1 The Group Internal Audit Department ("GIA") is an in-house function that carries out its activities in accordance with the

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Internal Audit Charter which defines the scope, authority, roles and responsibilities of internal audit function. It is an independent function that reports directly to the AC and administratively to the Group Chief Executive Officer. In ensuring the GIA is able to function effectively and independently, the AC meets the Head of GIA and reviewed the internal audit reports on a quarterly basis. The AC also review the status of corrective actions taken by the Management as reported by GIA.

During the FYE 2021, the AC had reviewed and assessed the adequacy of the scope, functions, competency and resources of the GIA in the financial year ended 31 December 2020 and that they have the necessary authority to carry out their work.

11.2 The GIA is headed by Mr. Foo Sek Thai who was appointed as the Head of GIA in year 2021. He has more than 20 years of experience in internal audit and risk management in diverse industries. Prior to joining PEB, he was heading internal audit and risk management of another listed group. He once served a consulting firm that provided internal audit and risk management service to listed entities. He is a member of the Malaysian Institute of Accountants and a Chartered Member of Institute of Internal Auditors Malaysia.

One (1) manager and one (1) executive who have Bachelor Degree and Diploma respectively report directly to him.

All members of GIA have signed a written confirmation that they comply with the code of conduct of the Group and are free from any form of conflicts of interest which could impair their objectivity.

Based on the internal audit plan approved by the AC, GIA performs independent assessment on the adequacy and effectiveness of the Group's system of internal control. GIA is guided by the International Professional Practice Framework (IPPF) in their works and the approach is risk based.

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

I. COMMUNICATION WITH STAKEHOLDERS

Intended Outcome 12.0

There is continuous communication between the Company and stakeholder to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

12.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Group's business, operations and financial performance and ensure that the communication with them is accurate, timely, factual, informative, consistent, transparent and timely.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety

CORPORATE GOVERNANCE OVERVIEW STATEMENT

of communication channels as follow:-

(a) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities.

Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.PETRAenergy.com.my.

(b) Annual reports

The Company's annual reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(c) AGM/general meetings

The AGM/general meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.

(d) Corporate website

The Company's corporate website provides a myriad of relevant information on the Company and is accessible by the public.

(e) Investor Relations

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

12.2 The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

II. CONDUCT OF GENERAL MEETINGS

Intended Outcome 16.0

Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

13.1 The Annual Report, which contains the Notice of Fifteenth AGM, was sent to shareholders at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.

The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

13.2 All the Directors of the Company attended the Fifteenth AGM of the Company held on 20 May 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the Audit Committee, Nominating Committee, Remuneration Committee and BRMC will provide meaningful responses to questions addressed to them.

13.3 The Company had organised the Fifteenth AGM by way of fully virtual basis on 20 May 2021 and hence, shareholders and proxies were able to participate and vote remotely. This facilitated greater shareholders participation at general meetings.

13.4 Shareholders were provided with ample time to ask questions or seek clarifications from the Directors in relation to the Company's businesses and results.

13.5 The Company leveraged technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities. The questions posed by the shareholders were answered by the Directors but the questions posed were not displayed to the participants of the Fifteenth AGM. Moving forward, the Board shall ensure that questions posed by shareholders are displayed to the meeting participants.

13.6 Questions or comments raised at the Fifteenth AGM were duly answered and clarified by Directors, and they can be found in the Minutes of Fifteenth AGM which was posted on the Company's website at www.PETRAenergy.com.my.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 13 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2021.

AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2021, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

Item	Company (RM)	Group (RM)
Statutory Audit services rendered	126,000	696,000
Other audit related services rendered	13,000	22,000
Non-audit services rendered		
1. Consultancy and professional services rendered such as taxation and financial reporting consultancies.	13,000	126,000
Total	152,000	844,000

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting as the end of the financial year ended 31 December 2021, or entered into since the end of the previous financial year ended 31 December 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to take reasonable steps in ensuring that the financial statements of the Group are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its results and the cash flows of the Group for the year then ended.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2021:-

- the Group has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy at any time of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016 in Malaysia. The Statement by the Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated audited financial statements for the financial year ended 31 December 2021.

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

The Directors also have general responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

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FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are provision of integrated brownfield services for the upstream oil and gas industry.

The principal activities of the subsidiaries are disclosed in Note 19 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	15,941	(8,362)

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Datuk Seri Panglima Sulong Bin Matjeraie
Dato' Anthony @ Firdaus Bin Bujang
Dato Ahmadi Bin Yusoff
Abdul Rahim Bin Abdul Hamid
Gian Carlo Maccagno
Ng Ing Peng
Simon Ong

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM46,782.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

DIVIDENDS

The amount of dividend paid or declared by the Company since the end of previous financial year was as follows:

	RM'000
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2019, declared on 17 February 2020 and paid on 15 May 2020	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2020, declared on 24 November 2020 and paid on 22 January 2021.	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2020, declared on 22 February 2021 and paid on 17 May 2021.	6,419
Interim tax exempt (single-tier) dividend of 2.0 sen per ordinary share of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2021, declared on 18 May 2021 and paid on 19 July 2021.	6,419

On 18 February 2022, the Directors declared a single tier interim dividend of 2.0 sen per 320,947,200 ordinary shares for the financial year ended 31 December 2021 amounting to RM6,419,000 and payable on 22 March 2022.

DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as disclosed in Note 10 to the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) 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.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) 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; and
 - (ii) there has no arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 19 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 13 April 2022. Signed on behalf of the Board of Directors:

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, Dato' Anthony @ Firdaus Bin Bujang and Abdul Rahim Bin Abdul Hamid, two of the Directors of Petra Energy Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 117 to 186 are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2021 and financial performance of the Group and of the Company for the financial year ended 31 December 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 13 April 2022.

DATO' ANTHONY @ FIRDAUZ BIN BUJANG
DIRECTOR

ABDUL RAHIM BIN ABDUL HAMID
DIRECTOR

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Khairul Anwar Bin Mohamad, being the officer primarily responsible for the financial management of Petra Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 117 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KHAIRUL ANWAR BIN MOHAMAD
(MIA No.: 40303)

Subscribed and solemnly declared by the above named Khairul Anwar Bin Mohamad, at Kuala Lumpur in Malaysia on 13 April 2022, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD (Incorporated in Malaysia) Registration No. 200501036241 (718388-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Petra Energy Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 117 to 186.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H)

Key audit matters	How our audit addressed the key audit matters
<p>Revenue recognition (Group)</p> <p>(Refer to Note 3.18(a), Note 4.1(a) and Note 5)</p> <p>Management exercised judgement and estimates on revenue recognised as disclosed in Note 4.1(a) in the financial statements:</p> <p>(i) Significant management judgement is applied in identifying the distinct performance obligations within a contract given the multiple deliverables in Hook-up, Commissioning and Engineering contracts, the satisfaction of performance obligations as either point in time or over time and the treatment of contract modifications. Given the unique nature of each work order within a contract, each contract was reviewed to determine the applicable accounting for revenues from projects under MFRS 15 "Revenue from Contract with Customers" ("MFRS 15").</p> <p>(ii) Services rendered under the Hook-up, Commissioning and Engineering projects are complex, involving significant management estimates in using the input method of determining the measure of progress towards complete satisfaction of performance obligations including the assessment of remaining risks and contingencies. The key estimates involved in estimating costs to complete are man days, materials cost and marine workboat days. Any significant changes to the estimated costs to complete due to delays, re-work and service quality issues will materially impact the estimated cost to complete and therefore the revenue recognised for the year.</p>	<p>Our audit procedures include:</p> <p>Obtained management's assessment on the identification of separate performance obligations over material customer contracts with bundling arrangements and sighted and validated the assessment to the customer contracts on sampling basis as a test of control;</p> <p>Reviewed management's analysis in determining satisfaction of performance obligation as over time or point in time. Checked and vouched to underlying documents, such as service delivery notes as to whether the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs (over time) or whether the control has been transferred to the customer of the promised asset at point in time (point in time);</p> <p>In addition, we examined modifications of contracts such as change orders received or revised work orders between the company and its customers.</p> <p>Our audit procedures to address the risk of material misstatement relating to the input method of measuring progress include:</p> <p>Testing the effectiveness of controls over the approval of contracts, approval of contract budgets and reperformance on the computation of revenue based on the input method of measuring progress to complete satisfaction of performance obligation;</p> <p>We examined project documentation and forecasts of cost to complete with project managers of the subsidiary company. We corroborated the outcome of these discussions by performing procedures such as evaluation of forecasts and recalculation of the progress towards complete satisfaction of the performance obligation;</p> <p>We also performed test of details over cost incurred to date, such as vouching of invoices and hours incurred; and</p> <p>We examined non-standard journal entries and other material adjustments related to revenue accounts.</p> <p>Any variances or adjustments have been appropriately adjusted.</p>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment review of carrying value of vessels and dry docking costs (Group)</p> <p><i>(Refer to Note 3.6, Note 3.7, Note 4.1(c) and Note 13)</i></p> <p>As at 31 December 2021, the carrying value of vessels and dry docking costs recorded within Property, Plant and Equipment in the Group's statement of financial position amounted to RM170 million.</p> <p>The market capitalisation of the Group being lower than the net asset values was an impairment indicator assessed by management.</p> <p>Accordingly, an assessment was performed in accordance with the requirement of MFRS 136 "Impairment of Assets" ("MFRS 136").</p> <p>The recoverable amounts for vessels are determined based on the higher of the Fair Value Less Cost to Sale ("FVLCTS") and Value In Use method ("VIU"). The FVLCTS is obtained from independent valuations performed by third party valuers on all vessels whilst the VIU for a vessel is based on discounted cash flows projections prepared by management.</p> <p>We focused on this area due to the inherent uncertainty and subjectivity involved in determining the basis in obtaining the VIU. The key assumptions include probability of securing contracts which impacts the vessel utilisation rate, daily charter rate, expected margins and discount rate. In the case of FVLCTS, significant judgement around the open market value of similar vessels and current market demands.</p>	<p>The assessment on recoverability of the carrying value of vessels were performed as the following:</p> <p><u>In relation to the recoverable amounts of vessels determined based on FVLCTS</u></p> <p>Evaluated the independent external valuers' competence, capabilities and objectivity;</p> <p>Tested, on a sample basis, the accuracy and relevance of key input data (open market value of similar vessels and current market demands) used by the valuers to estimate fair values of the vessels by comparing the data to independent sources; and</p> <p>Assessed the adequacy of disclosures in the financial statements.</p> <p><u>In relation to the recoverable amount of a vessel determined based on VIU</u></p> <p>Assessed the reliability of management's projections through the comparison of actual past financial performances against previous forecasted results;</p> <p>Assessed the reasonableness of the key assumptions, which were used by management in developing the discounted cash flows projections, by comparing against historical data and industry trends;</p> <p>Examined the sensitivity analysis performed by management on the key assumptions and also the discount rates used to evaluate the impact on the impairment assessment; and</p> <p>Assessed the adequacy of disclosures in the financial statements.</p> <p>We did not identify any material exception from performing the procedures above.</p>

We have determined that there are no key audit matters to report for the Company.

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 Directors' Report, Statement on Risk Management and Internal Control, Audit Committee Report, Corporate Governance Overview Statement and Financial Highlights, which we obtained prior to the date of this auditors' report, and Chairman's Statement and Management Discussion and Analysis and Sustainability Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H)

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

If, based on the work we have performed 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.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on 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,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRA ENERGY BERHAD
(Incorporated in Malaysia)
Registration No. 200501036241 (718388-H)

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 April 2022

SUBATHRA A/P GANESAN
03020/08/2022 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	322,342	422,362	6,708	7,424
Cost of sales		(273,519)	(376,944)	(6,224)	(6,831)
Gross profit		48,823	45,418	484	593
Other income	6	3,405	4,124	-	-
Administrative expenses		(23,796)	(26,467)	(8,907)	(7,189)
Other expenses		(5,759)	(1,355)	-	(325)
Profit/(Loss) from operations		22,673	21,720	(8,423)	(6,921)
Finance income	7	3,832	4,871	95	336
Finance costs	7	(3,524)	(3,420)	(34)	(122)
Share of results of associate	20	(412)	(110)	-	-
Profit/(Loss) before tax		22,569	23,061	(8,362)	(6,707)
Income tax expense	11	(6,628)	(7,047)	-	-
Profit/(Loss) for the financial year		15,941	16,014	(8,362)	(6,707)
Other comprehensive expense:					
Items that may be subsequently reclassified to profit or loss					
- Share of other comprehensive income/(expense) of an associate	20	519	(449)	-	-
Other comprehensive income/(expense) for the financial year, net of tax		519	(449)	-	-
Total comprehensive income/(expense) for the financial year		16,460	15,565	(8,362)	(6,707)
Earnings per share attributable to the Owners of the Company (sen per share) Basic/Diluted	12	4.97	4.99		

The notes set out on pages 126 to 186 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	185,486	207,860	186	248
Right-of-use assets	14	32,597	62,463	108	560
Lease receivable	15	12,679	11,542	-	-
Investments in subsidiaries	19	-	-	315,968	315,718
Investment in an associate	20	10,650	10,543	-	-
Investment in a joint venture	21	*	*	-	-
Deferred tax asset	22	1,532	809	-	-
		242,944	293,217	316,262	316,526
CURRENT ASSETS					
Inventories	23	1,934	2,267	-	-
Trade and other receivables	16	45,408	76,967	1,512	1,954
Amounts due from subsidiaries	17	-	-	5,013	26,040
Amount due from an associate	31	60	60	60	60
Lease receivable	15	7,112	7,182	-	-
Contract assets	18	102,864	84,067	-	-
Tax recoverable		7,811	1,322	-	-
Cash and bank balances	24	143,055	172,961	3,248	14,400
		308,244	344,826	9,833	42,454
Total assets		551,188	638,043	326,095	358,980
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	299,809	299,809	299,809	299,809
Treasury shares	26	(840)	(840)	(840)	(840)
Merger reserve	27	(31,000)	(31,000)	-	-
Currency translation reserve		10,027	9,508	-	-
Retained earnings		109,094	105,991	13,471	34,671
Total equity		387,090	383,468	312,440	333,640

*Denote RM1

The notes set out on pages 126 to 186 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONTINUED)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	29	1,015	15,923	151	152
Deferred tax liabilities	22	1,137	-	-	-
		2,152	15,923	151	152
CURRENT LIABILITIES					
Lease liabilities	29	16,263	30,216	3	467
Borrowings	28	32,837	27,170	-	-
Trade and other payables	30	108,535	171,654	13,467	24,687
Contract liabilities	18	3,988	8,096	-	-
Tax payable		323	1,516	34	34
		161,946	238,652	13,504	25,188
Total liabilities		164,098	254,575	13,655	25,340
Total equity and liabilities		551,188	638,043	326,095	358,980

The notes set out on pages 126 to 186 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to Owners of the Company					Total RM'000
		Share capital RM'000	Merger reserve RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained earnings RM'000	
2021							
At 1 January 2021		299,809	(31,000)	(840)	9,508	105,991	383,468
Profit for the financial year		-	-	-	-	15,941	15,941
Other comprehensive income for the financial year		-	-	-	519	-	519
Total comprehensive income for the financial year		-	-	-	519	15,941	16,460
<u>Transactions with owners:</u>							
Interim dividend in respect of the financial year ended 31 December 2020	38	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2021	38	-	-	-	-	(6,419)	(6,419)
At 31 December 2021		299,809	(31,000)	(840)	10,027	109,094	387,090

The notes set out on pages 126 to 186 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Attributable to Owners of the Company					Total RM'000
		Share capital RM'000	Merger reserve RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Retained earnings RM'000	
2020							
At 1 January 2020		299,809	(31,000)	(840)	9,957	102,815	380,741
Profit for the financial year		-	-	-	-	16,014	16,014
Other comprehensive expense for the financial year		-	-	-	(449)	-	(449)
Total comprehensive (expense)/income for the financial year		-	-	-	(449)	16,014	15,565
<u>Transactions with owners:</u>							
Interim dividend in respect of the financial year ended 31 December 2019	38	-	-	-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2020	38	-	-	-	-	(6,419)	(6,419)
At 31 December 2020		299,809	(31,000)	(840)	9,508	105,991	383,468

The notes set out on pages 126 to 186 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
2021					
At 1 January 2021		299,809	(840)	34,671	333,640
Total comprehensive expense for the financial year		-	-	(8,362)	(8,362)
Interim dividend in respect of the financial year ended 31 December 2020		-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2021		-	-	(6,419)	(6,419)
At 31 December 2021		299,809	(840)	13,471	312,440
2020					
At 1 January 2020		299,809	(840)	54,216	353,185
Total comprehensive expense for the financial year		-	-	(6,707)	(6,707)
Interim dividend in respect of the financial year ended 31 December 2019		-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2020		-	-	(6,419)	(6,419)
At 31 December 2020		299,809	(840)	34,671	333,640

The notes set out on pages 126 to 186 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		22,569	23,061	(8,362)	(6,707)
Adjustments for:					
Finance income		(3,832)	(4,871)	(95)	(336)
Finance costs		3,524	3,420	34	122
Unrealised foreign exchange loss/(gain)		334	(2,092)	-	-
Property, plant and equipment:					
- Depreciation charge		22,676	27,649	154	176
- Impairment loss		4,482	4,805	-	-
- Gain on disposal		-	(40)	-	-
Right-of-use assets:					
- Depreciation charge		31,197	29,597	452	494
Loss on modification of finance lease receivable		1,066	570	-	-
Net reversal of impairment on:					
- Trade receivables		(865)	(1,262)	-	-
- Amounts due from subsidiaries		-	-	-	325
Share of results of an associate		412	110	-	-
		81,563	80,947	(7,817)	(5,926)
Changes in working capital:					
Inventories		332	4,158	-	-
Trade and other receivables		32,424	(42,361)	470	(683)
Contract assets		(18,797)	26,015	-	-
Contract liabilities		(4,108)	(5,622)	-	-
Trade and other payables		(63,119)	(6,100)	(5,906)	(1,229)
Lease receivables		(1,476)	2,349	-	-
		26,819	59,386	(13,253)	(7,838)
Taxation paid		(13,897)	(7,656)	-	-
Net cash flows generated from/(used in) operating activities		12,922	51,730	(13,253)	(7,838)

The notes set out on pages 126 to 186 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(5,101)	(18,025)	(92)	(170)
Proceeds from disposal of property, plant and equipment		317	40	-	-
Payment on behalf for the subsidiaries		-	-	-	(13,162)
Subscription of ordinary shares		-	-	(250)	-
Dividend from an associate (net)		-	18,474	-	-
Interest received		3,832	4,871	95	336
Net cash flows (used in)/generated from investing activities		(952)	5,360	(247)	(12,996)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid on ordinary shares	38	(12,838)	(12,838)	(12,838)	(12,838)
Repayments of borrowings		(55,047)	(11,206)	-	-
Proceeds from borrowings		60,714	9,670	-	-
Repayments of lease liabilities		(31,088)	(26,760)	(465)	(435)
Interest paid on borrowings		(1,165)	(832)	-	-
Other finance charges		(2,359)	(1,058)	(34)	(122)
Net increase in debt reserve accounts		(35,000)	3,413	-	-
Net (increase)/decrease in deposits pledged		(100)	2,251	-	-
Payment on behalf by the Subsidiaries		-	-	15,685	4,503
Net cash flows (used in)/generated from financing activities		(76,883)	(37,360)	2,348	(8,892)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(64,913)	19,730	(11,152)	(29,726)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		172,658	152,877	14,400	44,126
EFFECTS OF EXCHANGE RATE CHANGES		(93)	51	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24	107,652	172,658	3,248	14,400

The notes set out on pages 126 to 186 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Changes in liabilities arising from financing activities:

Group

	At 1.1.2021 RM'000	Cash flows RM'000	Right-of- use assets RM'000	Non-cash changes		At 31.12.2021 RM'000
				Foreign exchange movement RM'000	Interest accretion RM'000	
Borrowings	27,170	4,502	-	-	1,165	32,837
Lease liabilities	46,139	(31,088)	1,331	(443)	1,339	17,278
	73,309	(26,586)	1,331	(443)	2,504	50,115

	At 1.1.2020 RM'000	Cash flows RM'000	Right-of- use assets RM'000	Non-cash changes		At 31.12.2020 RM'000
				Foreign exchange movement RM'000	Interest accretion RM'000	
Borrowings	28,706	(2,368)	-	-	832	27,170
Lease liabilities	15,832	(26,760)	57,922	(2,385)	1,530	46,139
	44,538	(29,128)	57,922	(2,385)	2,362	73,309

Company

	At 1.1.2021 RM'000	Cash flows RM'000	Right-of- use assets RM'000	Non-cash changes		At 31.12.2021 RM'000
				Foreign exchange movement RM'000	Interest accretion RM'000	
Lease liabilities	619	(465)	-	-	-	154

	At 1.1.2020 RM'000	Cash flows RM'000	Right-of- use assets RM'000	Non-cash changes		At 31.12.2020 RM'000
				Foreign exchange movement RM'000	Interest accretion RM'000	
Lease liabilities	962	(435)	41	-	51	619

The notes set out on pages 126 to 186 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group are disclosed in Note 19. There have been no significant changes in the nature of the principal activities during the financial year.

Petra Energy Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associate.

The registered office and the principal place of business of the Company is located at Suite 13.02, Level 13, Menara OBYU, No. 4, Jalan PJU8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan.

These financial statements were authorised for issue by the Board of Directors in accordance with their resolution dated on 13 April 2022.

2 BASIS OF PREPARATION

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards (‘MFRS’), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

- (a) Standards, amendments to published standards and interpretations that are effective and applicable for the Group and Company for financial year beginning on 1 January 2021
- Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions’
 - Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark Reform-Phase 2’

The amendments listed above did not have any significant impact on the financial statements of the Group in the current period and any prior periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

2.1 Basis of preparation (continued)

- (b) New standard and amendments to the published standards that are applicable to the Group and the Company but not yet effective
- Amendments to MFRS 3 “Reference to the Conceptual Framework”
 - Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current”
 - Amendments to MFRS 101 and MFRS Practice Statement 2 “Disclosure of Accounting Policies”
 - Amendments to MFRS 108 “Definition of Accounting Estimates”
 - Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
 - Amendments to MFRS 116 “Proceeds before Intended Use”
 - Amendments to MFRS 137 “Onerous Contracts - Cost of Fulfilling a Contract”
 - Annual improvements to MFRSs 2018-2020 Cycle
 - Amendments to MFRS 16 – Leases – Covid-19 Related Rent Concessions beyond 30 June 2021

The adoption of the above applicable new standard, amendments to published standards, interpretations and improvements to existing standards are not expected to have a material impact on the financial statements of the Group and the Company.

There are no other standards, amendments and improvements to published standards and interpretations to existing standards that are not effective that would be expected to have a material impact on the Group and the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully 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 applying the acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

For the predecessor accounting method, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the “acquired” entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisitions of subsidiaries are accounted for by applying the acquisition method except for Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd., which were accounted for by applying the predecessor accounting method.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gain or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Investment in an associate and a joint venture

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group investments in an associate and a joint venture are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate or a joint venture are reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

3.3 Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future and has no contractual terms of repayment are considered as part of the Company's capital contribution in subsidiaries (net investments).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Foreign currency

(a) Functional and presentation currency

The separate 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

All items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Vessels and dry docking	4% - 20%
Other marine assets	20%
Plant and machinery	10%
Cabin, field and workshop equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	20% - 33.3%
Air conditioner, computer, signboard, renovation and electrical installation	20% - 50%

Assets under construction are stated at cost. When the asset is ready for its intended use, it is transferred from assets under construction to the appropriate category under property, plant and equipment and depreciated.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3.6 on impairment of non-financial assets.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets

Goodwill is tested annually for impairment. Assets that are subjected to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a post-tax 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.7 Financial assets

(a) Classification

The Group classifies its financial assets to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments on principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

(d) Subsequent measurement – Impairment

Impairment for debt instruments

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has five types of financial instruments that are subject to the ECL model:

- Trade receivables, contract assets
- Other receivables
- Lease receivable
- Amount due from subsidiaries (applicable to Company)
- Amount due from associate

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

For other receivables, the Group and Company use the three stages approach reflect their credit risk and how the loss allowances are determined for each of those stages.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment. The Group assesses significant increase in credit risk when contractual payments are more than 120 days past due. The 30 days presumption is rebutted based on historical evidence that demonstrates that there is no correlation between significant increase in the risk of a default occurring and financial assets on which payments are more than 30 days past due, but that evidence does identify such a correlation when payments are more than 120 days past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 120 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty; it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Write off

(i) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and cash restricted in use.

3.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 3.7(d) on impairment of financial assets.

3.11 Loans to subsidiaries

Loans to subsidiaries are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Loans to subsidiaries are subsequently measured at amortised cost using the effective interest method, less loss allowance.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Trade and other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group makes contributions to the Employees' Provident Fund, a statutory defined contribution pension scheme in Malaysia. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.17 Leases

The Group and Company as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

The Group and Company as lessee (continued)

(a) Lease term

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

The Group and Company as lessee (continued)

(c) Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(d) Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

The Group as lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance lease

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment (refer to Note 3.7(d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

The Group as lessor (continued)

(b) Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

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

3.18 Revenue from contract with customers

(a) Sale of goods

The Group sells a range of equipment to its customers in the oil and gas market. Sales are recognised when control of the equipment has transferred, being when the equipment are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the equipment. Delivery occurs when the equipment have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the equipment in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales are recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

(b) Hook-up and commissioning

The Group renders hook-up and commissioning as well as engineering services. Revenue from providing services is recognised over the period in which the services are rendered. For lump-sum contracts, revenue is recognised by measuring progress towards completion of services. Progress is measured using the input method based on the actual costs relative to the total costs of the contract.

The contracts include multiple deliverables such as the provision for manpower, tools, equipment, consumables, engineering, project materials, marine spread, specialized services and final documentation for offshore hook-up and commissioning for the project and all technical clarification for onshore and offshore work. In most cases, the multiple deliverables are integrated service which will be performed by one party and therefore accounted for as a single integrated performance obligation.

In terms of marine spread and procurement of tools and equipment and reimbursables which are engaged by customers independently as an individual work order, these are accounted for as one separate performance obligation by itself. In this case, the transaction price will be allocated based on work orders issued as it approximates the stand-alone selling prices. Revenue from such services are recognised over time over the contract period.

Due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. The variation orders and claims are modifications of contracts that are usually not distinct and are therefore normally considered as part of the existing performance obligation. The Group recognises revenue related to the variation orders and claims only once they are formally approved in writing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue from contract with customers (continued)

(b) Hook-up and commissioning (continued)

Estimates of costs are revised if circumstances change. Any resulting increase or decrease in revenue and costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of lump-sum contracts, the customer pays the lump-sum amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

A contract asset is the Group and the Company's right to consideration in exchange for goods or services that the Group and the Company has transferred to the customer. A contract asset becomes a receivable when the Group and the Company's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

A contract liability is the Group and the Company's obligation to deliver good or service, not cash or financial liability.

In some cases, the contract includes a fee based on time and materials. Revenue is recognised in the amount to which the Group has a right to invoice based on approved time spent recorded on the timesheet and material acceptance records from the customers. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Charter hire of vessel

The Group provides vessels on hire, crew services, catering and other services to its customers either individually or as part of other service offerings. Revenue from such services are recognised over time as benefits are consumed by customer as in when services are rendered.

(d) Management fees

The Company earns management fees from its subsidiaries. Management fees are recognised over time as benefits are consumed by the subsidiaries as in when services are rendered.

(e) Provision of services under Technical Service Agreement

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring services to a customer, which is when the customer obtains control of the services.

The Group satisfies its performance obligations related to its contracts over time as the Group provides its services on a per billable monthly basis. The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time by recognising revenue in the amount that the Group has a right to invoice the customer, which corresponds directly with the value transferred to the customer for the performance completed to date.

The Group has elected to use the right-to-invoice practical expedient in certain service contracts where the Group invoices its customers on a per month basis that directly corresponds with the value received by the customer. As days are worked on the customer's contract, the Group satisfies its performance obligation to the customer and recognises revenue on a per month basis. When this practical expedient is used, the Group does not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue from contract with customers (continued)

(e) Provision of services under Technical Service Agreement (continued)

Revenue from other sources

(a) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(b) Dividend income

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

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(c) Lease income

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return.

(d) Other income

Other than those mentioned above, all other income is recognised on accrual basis unless collectability is in doubt.

3.19 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) 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 as at the end of the reporting date.

(b) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income taxes (continued)

(b) Deferred tax (continued)

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 loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, 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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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 loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset 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 profit 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 and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Incremental costs directly attributable to the issue of shares are deducted against share premium account.

3.22 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group, or a present obligation or asset whereby it is not probable to estimate the amount reliably.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company but are disclosed as contingencies unless the probability of outflow/inflow of economic benefits is remote.

3.23 Exploration and evaluation

The Group's exploration and evaluation is relating to petroleum contract for the exploration, development and production of petroleum in Block SK433, Onshore Sarawak. Cost of exploratory drilling is initially capitalised but will be subsequently expensed if proved reserves are not found. Successful exploratory drilling, development drilling and field development are capitalised until such time when production commences and are then depleted based on barrels of crude oil produced. Geological and geophysical expenses and other exploratory costs are charged to the statement of comprehensive income as incurred.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Revenue from contracts with customers

Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, measuring progress, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract costs. In making these judgements, management relies on past experience.

The Group recognised revenue from construction projects is RM118.0 million (2020: RM289.3 million) for the financial year ended 31 December 2021. Refer to Note 5 for further details.

(b) Useful lives of vessels and residual values

The Group's costs of the vessels less their estimated residual values are depreciated on a straight-line basis over the estimated useful lives. The useful lives and residual values of the vessels are an estimation, and these are common estimations applied in the shipping industry. Changes in market development and individual conditions of the vessel might impact the economic useful life and the residual values. Accordingly, future depreciation charges could be subject to revision. The carrying amount of the Group's vessels at the reporting date is disclosed in Note 13.

(c) Impairment review of carrying value of vessels

The Group reviews periodically whether there is any indication of impairment for the vessels in accordance with the accounting policy stated in Note 3.6. The recoverable amounts of each vessel, being defined as a cash generating unit, have been determined based on value in use and/or fair value less cost to sales. The impairment charge on vessels, is as disclosed in Note 13.

(d) Taxation

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business including amounts claimed as qualifying exploration expenditure. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5 REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract with customers	322,342	422,362	-	-
Management fees from subsidiaries	-	-	6,708	7,424
	322,342	422,362	6,708	7,424

	Group			Total RM'000
	Services RM'000	Marine assets RM'000	Production and development RM'000	
<u>2021</u>				
Sale of goods	18,181	-	-	18,181
Technical service contract	-	-	88,094	88,094
Charter hire of vessel	-	91,619	-	91,619
Hook-up and commissioning				
- lump sum contracts	95,180	22,859	-	118,039
- others	6,409	-	-	6,409
	119,770	114,478	88,094	322,342
Timing of revenue recognition				
- at a point in time	18,181	-	-	18,181
- over time	101,589	114,478	88,094	304,161
	119,770	114,478	88,094	322,342

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5 REVENUE (CONTINUED)

	Group			Total RM'000
	Services RM'000	Marine assets RM'000	Production and development RM'000	
<u>2020</u>				
Sale of goods	15,456	-	-	15,456
Technical service contract	-	-	42,295	42,295
Charter hire of vessel	-	54,385	-	54,385
Hook-up and commissioning				
- lump sum contracts	208,913	80,354	-	289,267
- others	20,959	-	-	20,959
	245,328	134,739	42,295	422,362
Timing of revenue recognition				
- at a point in time	15,456	-	-	15,456
- over time	229,872	134,739	42,295	406,906
	245,328	134,739	42,295	422,362

Revenue of the Company relates to management fees received from subsidiaries and is recognised over time.

6 OTHER INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Insurance claims	134	829	-	-
Secondment income	-	1,449	-	-
Sundry income	2,511	1,723	-	-
Others	760	123	-	-
	3,405	4,124	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

7 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income from:				
- Short term bank deposits	3,832	4,871	95	336
Interest expense on:				
- Obligations under lease liabilities	(1,339)	(1,530)	(25)	(51)
- Revolving credits	(1,165)	(845)	-	-
Other finance charges	(1,020)	(1,045)	(9)	(71)
Total finance costs	(3,524)	(3,420)	(34)	(122)
Net finance income	308	1,451	61	214

8 PROFIT/(LOSS) FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
- statutory audit	696	426	126	62
- audit related services	22	116	13	-
- non-audit fees	126	108	13	24
Other (gains)/losses:				
- foreign exchange – unrealised	334	(2,092)	-	-
- foreign exchange – realised	268	(122)	-	-
Employee costs (Note 9)	101,066	130,531	11,358	10,736
Property, plant and equipment:				
- Depreciation charge	22,676	27,649	154	176
- Impairment loss	4,482	4,805	-	-
- (Gain)/Loss on disposal	-	(40)	-	-
Right-of-use assets:				
- Depreciation charge	31,197	29,597	452	494
Net reversal of impairment on:				
- Trade receivables	(865)	(1,262)	-	-
- Other receivables	-	-	-	-
- Amounts due from subsidiaries	-	-	-	325

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

The following items have been charged/(credited) in arriving at profit/(loss) from operations: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term lease contracts:				
- Charter hire of vessels	25,941	12,970	-	-
- Rental of equipment	1,902	7,173	18	35
- Rental of land and buildings	73	612	44	169

Other expenses in the statement of comprehensive income mainly consists of gain/loss on unrealised and realised foreign exchange, impairment of trade and other receivables, property, plant and equipment and disposal of property, plant and equipment.

9 EMPLOYEE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	66,271	88,771	8,738	8,321
Social security contributions	701	961	27	29
Contributions to defined contribution plan	9,184	11,443	1,024	1,109
Other benefits	24,910	29,356	1,569	1,277
	101,066	130,531	11,358	10,736

Included in employee costs of the Group and the Company are Executive Directors' remuneration as disclosed in Note 10 to the financial statements.

10 DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Group and the Company during the financial year are as follows:

	Group and Company	
	2021 RM'000	2020 RM'000
Executive:		
Salaries, allowances and compensation	2,905	3,399
Defined contribution plan	451	530
Other emoluments *	340	639
Total executive Directors' remuneration	3,696	4,568

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

10 DIRECTORS' REMUNERATION (CONTINUED)

The details of remuneration received and receivable by Directors of the Group and the Company during the financial year are as follows: (continued)

	Group and Company	
	2021 RM'000	2020 RM'000
Non-Executive:		
Fees and emoluments *	580	624
Total Directors' remuneration	4,276	5,192

* Included in directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Group and the Company of nil (2020: nil).

11 INCOME TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax				
- Malaysian income tax	6,214	7,856	-	-
- Deferred tax (Note 22)	414	(809)	-	-
	6,628	7,047	-	-
Current tax				
- Current financial year	7,089	7,856	-	-
- Over provision in prior financial year	(875)	-	-	-
	6,214	7,856	-	-
Deferred tax (Note 22)				
- Origination and reversal of temporary differences	414	(809)	-	-
Total income tax expense	6,628	7,047	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11 INCOME TAX EXPENSE (CONTINUED)

The explanation of the relationship between income tax credit and profit/(loss) before taxation is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax	22,569	23,061	(8,362)	(6,707)
Tax calculated at the applicable Malaysian tax rate of 24% (2020: 24%)	5,417	5,535	(2,007)	(1,610)
Tax effects of:				
- Effect of tax rate in other jurisdiction	19	35	-	-
- Income not subject to tax	1,341	-	-	-
- Expenses not deductible for tax purposes	1,445	1,363	337	517
- Utilisation of previously unrecognised deferred tax asset	(1,429)	(608)	-	-
- Deferred tax assets not recognised	611	696	1,670	1,093
- Share of results of an associate	99	26	-	-
- Over provision in prior years	(875)	-	-	-
	6,628	7,047	-	-

12 EARNINGS PER SHARE (EPS)

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit attributable to owners of the Company (RM'000)	15,941	16,014
Weighted average number of shares in issue ('000)	320,942*	320,942*
Basic/Diluted EPS (sen)	4.97	4.99

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share are the same as basic earnings per share.

* Net of treasury shares

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT

	Exploration and evaluation RM'000	Vessels and dry docking RM'000	Other marine assets RM'000	Plant and machinery RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air-conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
<u>Group</u>									
<u>2021</u>									
Cost	2,022	360,369	11,490	1,665	17,817	2,307	2,509	16,154	414,333
Accumulated depreciation and accumulated impairment losses	-	(189,984)	(5,553)	(1,148)	(15,148)	(2,204)	(2,301)	(12,509)	(228,847)
Net book value	2,022	170,385	5,937	517	2,669	103	208	3,645	185,486
<u>2020</u>									
Cost	-	360,369	9,089	1,665	17,816	2,306	2,511	15,967	409,723
Accumulated depreciation and accumulated impairment losses	-	(168,343)	(3,899)	(1,004)	(13,455)	(1,786)	(2,174)	(11,202)	(201,863)
Net book value	-	192,026	5,190	661	4,361	520	337	4,765	207,860
<u>Group</u>									
<u>Net book value</u>									
At 1 January 2021	-	192,026	5,190	661	4,361	520	337	4,765	207,860
Additions	2,022	-	2,718	-	1	1	2	357	5,101
Depreciation charge	-	(17,159)	(1,654)	(144)	(1,693)	(418)	(131)	(1,477)	(22,676)
Impairment	-	(4,482)	-	-	-	-	-	-	(4,482)
Disposal	-	-	(317)	-	-	-	-	-	(317)
At 31 December 2021	2,022	170,385	5,937	517	2,669	103	208	3,645	185,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Asset under construction RM'000	Leasehold land and buildings RM'000	Vessels and dry docking RM'000	Other marine assets RM'000	Plant and machinery RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air-conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
<u>Net book value</u>										
At 1 January 2020	2,774	16,899	205,717	3,933	805	6,382	639	440	1,599	239,188
Additions	1,043	-	13,453	2,739	-	107	-	36	647	18,025
Depreciation charge	-	-	(22,339)	(1,482)	(144)	(2,128)	(119)	(139)	(1,298)	(27,649)
Impairment	-	-	(4,805)	-	-	-	-	-	-	(4,805)
Reclassification of "ROU"	-	(16,899)	-	-	-	-	-	-	-	(16,899)
Reclassification	(3,817)	-	-	-	-	-	-	-	3,817	-
At 31 December 2020	-	-	192,026	5,190	661	4,361	520	337	4,765	207,860

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Air- conditioner, computer, signboard, renovation and electrical installation RM'000	Total RM'000
<u>Company</u>				
<u>2021</u>				
Cost	5	955	8,260	9,220
Accumulated depreciation	(5)	(952)	(8,077)	(9,034)
Net book value	-	3	183	186
<u>2020</u>				
Cost	5	955	8,162	9,122
Accumulated depreciation	(5)	(949)	(7,920)	(8,874)
Net book value	-	6	242	248
<u>Net book value</u>				
At 1 January 2021	-	6	242	248
Additions	-	-	92	92
Depreciation charge	-	(3)	(151)	(154)
At 31 December 2021	-	3	183	186
<u>Net book value</u>				
At 1 January 2020	-	10	244	254
Additions	-	-	170	170
Depreciation charge	-	(4)	(172)	(176)
At 31 December 2020	-	6	242	248

The Group's vessels with a carrying amount of RM78,497,198 (2020: RM86,188,085) are pledged to secure the Group's borrowings (Note 28).

The Group has performed a review of the recoverable amount of the Group's vessels. Impairment assessment review for each vessel were performed as those assets are able to generate its own identifiable cash inflows. The review led to the recognition of impairment loss of RM4,481,000 on a certain vessel. The impairment recognised in the current financial year was based on the recoverable amount of RM26,518,000 determined based on its value in use. The recoverable amount of the other vessels were determined based on their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Value in use ("VIU") calculations

Estimating the VIU of the vessel involves estimates made relating to the future cash inflows and outflows that will be derived from the vessels, and discounting them at an appropriate rate.

VIU was determined by discounting the future cash flows expected to be generated from the continuing use of the vessels. The following describes key assumption used:

- i) Revenue
Revenue are estimated based on existing order books and anticipated contracts, which affect the vessels' utilisation rate and daily charter rate.
- ii) Budgeted Gross Margin
Gross margins are estimated based on forecast margins for the anticipated contracts, based on management's expectation and past experience.
- iii) Discount rate
The post-tax discount rate applied is 8% which reflects the specific industry risks relating to the CGU.

Sensitivity to changes in assumption

The sensitivity tests indicated that a decrease in the vessel daily charter rate by 5%, the recoverable amount will be varied by approximately 6% and decrease in utilisation rate by 5%, the recoverable amount will be varied by approximately 4%.

Valuation judgement by an independent professional valuer

The fair values of the vessels have been assessed by an independent professional valuer. The valuation of the vessels was performed by the independent valuers using the market approach, including consideration of the recent market transaction of vessels of similar type and age. The assessment is based on the assumption that it is at a willing buyer and willing seller basis. The fair value reflects management's expectations based on past experience with disposal of assets and industry benchmarks.

The fair values are within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14 RIGHT-OF-USE ASSETS

	Vessels and dry docking RM'000	Leasehold buildings RM'000	Total RM'000
Group			
<u>2021</u>			
Cost	66,809	30,225	97,034
Accumulated depreciation	(52,817)	(11,620)	(64,437)
Net book value	13,992	18,605	32,597
<u>Net book value</u>			
At 1 January 2021	42,040	20,423	62,463
Addition	-	1,331	1,331
Depreciation charge	(28,048)	(3,149)	(31,197)
At 31 December 2021	13,992	18,605	32,597
<u>2020</u>			
Cost	66,809	9,291	76,100
Reclassification of cost from PPE	-	19,603	19,603
Accumulated depreciation	(24,769)	(5,767)	(30,536)
Reclassification of accumulated depreciation from PPE	-	(2,704)	(2,704)
Net book value	42,040	20,423	62,463
<u>Net book value</u>			
At 1 January 2020	10,495	6,744	17,239
Reclassification of NBV from PPE	-	16,899	16,899
Addition	56,314	1,608	57,922
Depreciation charge	(24,769)	(4,828)	(29,597)
At 31 December 2020	42,040	20,423	62,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold buildings RM'000
Company	
<u>2021</u>	
Cost	1,430
Accumulated depreciation	(1,322)
Net book value	108
<u>Net book value</u>	
At 1 January 2021	560
Depreciation charge	(452)
At 31 December 2021	108
<u>2020</u>	
Cost	1,430
Accumulated depreciation	(870)
Net book value	560
<u>Net book value</u>	
At 1 January 2020	962
Addition	92
Depreciation charge	(494)
At 31 December 2020	560

The Group's leasehold land and leasehold buildings with a carrying amount of RM8,044,489 (2020: RM8,235,268) and RM6,515,618 (2020: RM6,666,559) respectively are pledged to secure the Group's borrowings (Note 28).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15 LEASE RECEIVABLE

On 31 December 2019, the Group entered into a lease agreement on one of its vessels for a period of 36 months. The Group has classified the lease as finance lease as it will transfer the ownership of the vessel at the end of the lease period. The following table sets out maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2021 RM'000	2020 RM'000
Within a year	8,054	7,892
In the 2 nd year	12,912	7,771
In the 3 rd year	-	4,532
Total undiscounted lease payment receivables	20,966	20,195
Unearned finance income	(1,175)	(1,471)
	19,791	18,724
Current	7,112	7,182
Non-current	12,679	11,542
	19,791	18,724

During the financial year, the movement in the finance lease receivable is due to the following reasons:

	2021 RM'000	2020 RM'000
At 1 January	18,724	21,643
Modification loss	(1,066)	(570)
Lease payment billed	(562)	(3,475)
Earned finance income	1,999	1,471
Exchange differences	696	(268)
Others	-	(77)
At 31 December	19,791	18,724

On 1 December 2021, the Company and the lessee had signed an addendum to the lease agreement dated 31 December 2019 to revise the timing of the lease payment to a later date. As a result, the Company has written down the carrying value of the lease receivable to the recalculated carrying value of the lease receivable, resulting modification loss of RM1,066,000.

As at 31 December 2021, no allowance for uncollectible minimum lease payments were provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
<u>Trade receivables:</u>				
Third parties	24,905	66,785	-	-
Less: Allowance for impairment - Third parties	(3,366)	(23,505)	-	-
	21,539	43,280	-	-
<u>Other receivables:</u>				
Deposits	3,186	2,236	1,177	1,174
Prepayments	4,471	2,593	283	748
Sundry receivables	18,373	31,019	52	32
Gross other receivables	26,030	35,848	1,512	1,954
Less: Allowance for impairment - sundry receivables	(2,161)	(2,161)	-	-
	23,869	33,687	1,512	1,954
Total current receivables, net	45,408	76,967	1,512	1,954

(a) Trade receivables

Movement in allowance for impairment for trade receivables:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	23,505	24,767
Charge for the financial year	-	331
Reversal of credit losses	(865)	(1,593)
Write off	(19,274)	-
At 31 December	3,366	23,505

The carrying amounts of trade receivables balances are denominated in the following currencies:

	Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	11,047	36,805
United States Dollar	10,338	2,621
Euro	-	370
British Pound	154	3,484
	21,539	43,280

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Other receivables are unsecured and short-term in nature. Other receivables are with creditworthy parties and are neither past due nor impaired.

At the reporting date, the movement of the allowance account used to record the impairment is as follows:

	Group	
	2021 RM'000	2020 RM'000
As at 31 December 2021	2,161	2,161

The carrying amounts of other receivable balances are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	23,869	33,687	1,512	1,954

17 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Amounts due from subsidiaries	10,359	31,386
Less: Allowance for impairment	(5,346)	(5,346)
Total current	5,013	26,040

The amounts due from subsidiaries are non-trade in nature, unsecured and interest free.

At the reporting date, the movement of the allowance account used to record the impairment is as follows:

	Company	
	2021 RM'000	2020 RM'000
At 1 January	5,346	5,021
Reversal of impairment previously provided	-	(990)
Impairment loss during the financial year	-	1,315
At 31 December	5,346	5,346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

17 AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

The carrying amounts of amounts due from subsidiaries balances are denominated in the following currencies:

	Company	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	5,013	26,040

18 CONTRACT BALANCES

	Group	
	2021 RM'000	2020 RM'000
Contract assets	102,864	84,067
The movement of contract assets is as follows:		
At 1 January	84,067	110,082
Transfer to receivables	(84,067)	(110,082)
Increase as a result of changes in the measure of progress	102,864	84,067
At 31 December	102,864	84,067
Contract liabilities	3,988	8,096
The movement of contract liabilities is as follows:		
At 1 January	8,096	13,718
Revenue recognised that was included in the contract liabilities - Rendering of services	(8,096)	(13,718)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	3,988	8,096
At 31 December	3,988	8,096

Unsatisfied performance obligation

The following table shows unsatisfied performance obligations from long term contracts:

	2021 RM'000	2020 RM'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December	108,800	314,600

Management expects that most of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue in the following year. The amount disclosed above does not include variable consideration which is constrained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

19 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
<u>Unquoted shares, at cost</u>		
Ordinary shares	1,350	1,100
Redeemable convertible preference shares ("RCPS")	171,180	171,180
Advances to subsidiaries treated as quasi-investment	143,438	143,438
	315,968	315,718

The RCPS are redeemable at the option of the issuer of the RCPS.

The terms of the RCPS are as follows:

- (a) The subscriber of the RCPS is the holding company, Petra Energy Berhad.
- (b) Dividends on each RCPS shall be paid at the absolute discretion of the subsidiaries.
- (c) In the event of any liquidation, dissolution, winding up or other repayment of capital of the subsidiaries, the assets available for distribution among the members shall be applied in the following:
 - (i) Firstly to the RCPS shareholder, in payment of a sum equivalent to the aggregate of the RCPS issue price.
 - (ii) Then, to the holder of the other shares.
- (d) The RCPS shareholder shall have the right to receive reports and audited accounts and notice of and to attend all general meetings of the subsidiaries.
- (e) The RCPS are convertible into new ordinary shares at the absolute discretion of the subsidiaries.
- (f) The RCPS shall be redeemed at the absolute discretion of the subsidiaries.
- (g) The RCPS are non-transferable.

Name	Effective interest		Principal activities
	2021 %	2020 %	
<u>Incorporated in Malaysia</u>			
Petra Energy Services Sdn. Bhd.	100	100	Investment holding
Petra Energy Capital Sdn. Bhd.	100	100	Investment holding
Petra Energy Development Sdn. Bhd.	100	100	Provision of services to operate and maintain the production, storage and offloading facilities, wells and reservoir surveillance, production planning and forecasting, logistics, inventory and warehousing management for an oil field.
Petra Energy Solution Sdn. Bhd.	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Effective interest		Principal activities
	2021 %	2020 %	
<u>Held through Petra Energy Services Sdn. Bhd.:</u>			
Petra Resources Sdn. Bhd.	100	100	Provision of services in operations and maintenance, oil field optimisation, retrofits, domestic vessels recharter, geophysical, design and fabrication of process equipment and packaging and supply of engineered equipment for the oil and gas industry
Petra Fabricators Sdn. Bhd.	100	100	Design, fabrication, supply and installation of pressure vessels, heat exchangers, skid packages and other process equipment primarily for the oil and gas and petrochemical industries
Petra Services Sdn. Bhd.	100	100	Equipment rental and related services in the oil and gas industry
Petra Marine Sdn. Bhd.	100	100	Ownership and supply of vessels
<u>Held through Petra Resources Sdn. Bhd.:</u>			
PE Resources Ltd*	100	100	Investment holding
<u>Held through Petra Fabricators Sdn. Bhd.:</u>			
PE Industrial Resources Sdn. Bhd.	100	100	Design, fabrication, supply and installation of industrial boilers and ancillary equipment
<u>Held through Petra Marine Sdn. Bhd.:</u>			
PE Ship Management Sdn. Bhd.	100	100	Provision of anchor handling tug supply vessels
<u>Held through Petra Energy Capital Sdn. Bhd.:</u>			
PE Challenger Ltd*	100	100	To facilitate the leasing of transaction of an accommodation work barge vessel
PE Marine One Ltd*	100	100	Carry on offshore leasing business
PE Marine Ltd*	100	100	To facilitate the leasing of transaction of an accommodation work barge vessel
<u>Held through Petra Energy Development Sdn. Bhd.:</u>			
PE Development Ltd*	100	100	Investment holding
Petra Energy Mopu Sdn. Bhd.	100	100	Oil and gas extraction service activities provided on a fee or contract basis
Petra Upstream Malaysia Sdn. Bhd.	100	100	Oil and gas extract service activities provided on a fee or contract basis and support activities for other mining and quarrying

* These companies are not required by their local laws to appoint statutory auditors

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20 INVESTMENT IN AN ASSOCIATE

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares at cost	6,000	6,000
Share of results of associate	4,650	4,543
Share of net assets	10,650	10,543

The details of the associate are as follows:

Name	Country of incorporation	Group's effective interest	
		2021 %	2020 %
Coastal Energy KBM Sdn. Bhd.	Malaysia	30	30

On 29 June 2012, Petroliam Nasional Berhad ("PETRONAS") and CEC International Ltd ("CECI") entered into the small field risk service contract ("SFRSC") for the development and production of petroleum from the Kapal, Banang and Meranti cluster of small fields in offshore Terengganu, Malaysia. Pursuant to the terms of the novation agreement dated 10 September 2012 and in accordance with the requirements of the SFRSC, CECI has novated all of its individual rights, interests, benefits and obligations under the SFRSC to Coastal Energy KBM Sdn. Bhd. ("CEKSB").

On 17 January 2013, Petra Energy Development Sdn. Bhd. ("PEDSB") had provided parental guarantee to PETRONAS to ensure performance of SFRSC by CEKSB. PEDSB has guaranteed the performance of the contract and it shall assume any loss, damages, costs and expenses arising from the failure or breach of the said contract based on PEDSB's proportionate interest in CEKSB.

As part of the Composite Shareholder Agreement, the Group and Company have the obligation to ensure that CEKSB has sufficient working capital to meet its business needs and obligations under the SFRSC. This includes providing cash-call to CEKSB on a quarterly basis based on CEKSB working capital requirement.

Upon the expiry of the SFRSC on 28 June 2020, it is mutually agreed by both parties that CEKBM no longer requires any cash call for its working capital requirement as CEKBM no longer involves in any development and production of petroleum. Kapal, Banang and Meranti fields were handed over to PETRONAS. Subsequently PETRONAS entered into a Technical Service Agreement ("TSA") with PEDSB. Based on the scope of work of the TSA, PEDSB required to provide, operate & maintain the production, storage and offloading facilities which include Mobile Offshore Production Unit and Floating Storage & Offloading (FSO), wells & reservoir surveillance, production planning & forecasting, routine operation & maintenance (O&M) of MOPU, FSO, Wellhead support structure (WSS) and etc., logistics, inventory and warehousing management including waste management for Banang field operations.

On 10 December 2020, PEDSB officially releases itself from the parental guarantee to PETRONAS upon termination of the Composite Shareholder Agreement between the company and CEKBM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

20 INVESTMENT IN ASSOCIATE (CONTINUED)

(i) The summarised statements of comprehensive income are as follows:

	CEKSB	
	2021 RM'000	2020 RM'000
Revenue	856	60,087
Cost of sales	446	(58,259)
Loss before tax	(1,373)	(4,282)
Loss for the financial year	(1,373)	(368)
Other comprehensive income/(expense)	1,730	(1,497)
Total comprehensive income/(expense)	357	(1,865)
Group's share of total comprehensive income	107	(559)

(ii) The summarised statements of financial position as at 31 December are as follows:

	CEKSB	
	2021 RM'000	2020 RM'000
Current assets	36,033	36,932
Current liabilities	(533)	(1,789)
Net assets	35,500	35,143

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

There are no contingent liabilities relating to the Group's interest in the associate.

(iii) Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate:

	Group	
	2021 RM'000	2020 RM'000
Summarised financial information		
Opening net assets	10,543	30,677
Profit for the financial year	(412)	(110)
Effects of movements in foreign currency	519	(449)
Dividend	-	(19,575)
Carrying amount	10,650	10,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

21 INVESTMENT IN A JOINT VENTURE

The Group has a 50% interest in Khausar Energy Sdn. Bhd, an RM2 entity being set up to undertake business development activities focusing on building portfolio of Production & Development segment within the Group. The Group's interest in this joint venture is accounted for using the equity method in the consolidated financial statements. The Group has not recognised cumulative losses related to Khausar Energy Sdn. Bhd amounting RM181,483 in respect of current financial year (2020: RM176,749).

The share of results and net assets of the joint venture are not material to the Group.

22 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets	32,084	31,716
Deferred tax liabilities	(31,689)	(30,907)
	395	809
At start of the financial year	809	-
Credited/(charge) to income statement - Property, plant and equipment	(414)	809
	395	809
Deferred tax assets (before offsetting)		
- Property, plant and equipment	(2,612)	809
- Provisions	3,008	2,363
- Unutilised capital allowances	29,076	28,544
	29,472	31,716
Offsetting	(29,077)	(30,907)
Deferred tax assets (after offsetting)	395	809
Deferred tax liabilities (after offsetting)		
- Property, plant and equipment	(29,077)	(30,907)
	(29,077)	(30,907)
Offsetting	29,077	30,907
Deferred liabilities (after offsetting)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22 DEFERRED TAXATION (CONTINUED)

The amount of deductible temporary differences, unabsorbed capital allowances and unutilised business losses for which no deferred tax asset is recognised in the statements of financial position due to no foreseeable profit in the near future to be offset against deferred tax asset are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised capital allowances	172,288	179,654	-	-
Unutilised tax losses	121,616	114,990	24,860	16,997
Temporary differences	(104,179)	(97,158)	17,940	16,497
	189,724	197,486	42,800	35,494

The amounts of deductible temporary differences for which no deferred tax asset is recognised in the financial statements of the Group and the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses				
- expiring in year 2025	106,825	106,825	12,311	12,311
- expiring in year 2026	1,042	1,042	-	-
- expiring in year 2027	6,686	7,123	6,686	6,686
- expiring in year 2028	7,063	-	5,863	-
	121,616	114,990	24,860	18,997

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's and the Company unutilised tax losses amounting to RM121,616,000 and RM24,860,000 (2020: RM114,990,000 and RM18,997,000) respectively as at 31 December 2021 have a time limit of utilization as disclosed above. Any accumulated unutilised tax losses brought forward can be carried forward for another 7 consecutive years from each year of assessment.

23 INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
Cost:		
Consumables	1,552	1,461
Goods in transit	382	806
	1,934	2,267

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM8,773,150 (2020: RM32,893,115).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

24 CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term deposits with licensed banks	109,677	112,072	-	5,300
Cash at bank	33,228	60,738	3,242	9,092
Cash on hand	150	151	6	8
	143,055	172,961	3,248	14,400
Less:				
- Restricted cash, held in Debts Service Reserve Account ("DSRA")	(35,000)	-	-	-
- Deposits pledged for credit facilities	(403)	(303)	-	-
Net cash and cash equivalents	107,652	172,658	3,248	14,400

Deposits of the Group and Company at the end of the financial year have a maturity period of 1 to 30 days (2020: 1 to 30 days). The weighted average effective interest rates as at 31 December 2021 for the Group was 1.09% (2020: 3.07%) per annum and for the Company was Nil (2020: 2.95%).

The credit quality of bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Counterparties with external credit rating:				
- AAA	142,905	172,810	3,242	14,392

The credit quality of the above deposits and bank balances (excluding cash balances) are assessed by reference to RAM Services Berhad.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	142,998	172,904	3,248	14,400
United States Dollar	57	57	-	-
	143,055	172,961	3,248	14,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

25 SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2021 Unit'000	2020 Unit'000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At 1 January/ 31 December	321,750	321,750	299,809	299,809

26 TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. In previous financial years, the Company acquired 5,000 shares in the Company through purchases on the Bursa Malaysia Securities Berhad. The total paid to acquire the shares was RM4,203 and this was presented as a component within shareholder's equity. For the financial year ended 31 December 2015, the Company repurchased 802,800 of its issued share capital through purchases on the Bursa Malaysia Securities Berhad and total paid to acquire the shares was RM836,000.

The share repurchased are being held as treasury shares as allowed under Section 127 of the Companies Act 2016. The Company has the right to issue these shares at a later date. As treasury shares, the voting rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares purchased had been sold as at 31 December 2021.

	Average price RM	Highest price RM	Lowest price RM	Number of treasury shares	Total consideration paid RM
Purchased date:					
December 2017	0.83	0.83	0.83	5,000	4,203
August 2015	0.95	1.01	0.89	602,800	563,406
September 2015	1.05	1.05	1.04	50,000	52,702
November 2015	1.45	1.47	1.43	150,000	219,804
				807,800	840,115

27 MERGER RESERVE

Merger reserve arose from the acquisition of Petra Resources Sdn. Bhd. and Petra Fabricators Sdn. Bhd. which were previously under the common control of Perdana Petroleum Berhad, and which had ceased to be a substantial shareholder of the Company on 3 September 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

28 BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
Current		
Secured:		
Invoice financing	27,837	12,088
Revolving credits	5,000	15,082
Total borrowings	32,837	27,170

Borrowings are secured by the following:

Invoice financing

- First ranking Charge and Assignment of DSRA and deposits pledged (Note 24).

Revolving credit

- First ranking statutory mortgages over certain vessels (Note 13);
- First party legal charge over properties located at Kampung Sg. Keling, Wilayah Persekutuan Labuan (Note 13);
- Assignment of all risk insurance in respect of the mortgaged vessels with the Banks and a financial institution named as the mortgagees and loss payees;
- First ranking assignments executed by certain subsidiaries to assign all of the subsidiaries' rights, title, interest and benefits in and to all proceeds arising from the Designated Agreements;
- First ranking Charge and Assignment of DSRA and deposits pledged (Note 24).

The carrying amounts of borrowings are denominated in the following currencies:

	Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	32,837	27,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

29 LEASE LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Secured:				
- Current	16,263	30,216	3	467
- Non-current	1,015	15,923	151	152
	17,278	46,139	154	619
Future minimum lease payment				
- Not later than 1 year	17,745	31,526	3	483
- More than 1 year and less than 5 years	1,128	16,220	154	164
- More than 5 years	-	34	-	-
Total minimum future lease payment	18,873	47,780	157	647
Less: Future finance charges	(1,595)	(1,641)	(3)	(28)
Present value of finance lease liabilities	17,278	46,139	154	619
Analysis of present value of finance lease liabilities:				
- Not later than 1 year	16,263	30,216	3	467
- More than 1 year and less than 5 years	1,015	15,923	151	152
	17,278	46,139	154	619

30 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables:				
Third parties	29,444	26,355	-	-
Trade related accruals	47,058	105,628	-	-
	76,502	131,983	-	-
Other payables:				
Other related accruals	30,368	29,828	2,028	1,473
Statutory liabilities	1,665	3,424	220	252
Dividend payable	-	6,419	-	6,419
Amounts due to subsidiaries	-	-	11,219	16,543
	32,033	39,671	13,467	24,687
Total trade and other payables	108,535	171,654	13,467	24,687

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

30 TRADE AND OTHER PAYABLES (CONTINUED)

Trade payables and other payables are non-interest bearing and have credit terms ranging from 30 days to 60 days (2020: 30 days to 60 days).

Trade related accruals are accrual balances pertaining to project cost accrual such as tools, equipment and consumables provision, logistic related charges, offshore related services (marine, manpower, subcontractor) and others.

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	108,440	171,547	17,093	24,687
United States Dollar	13	90	-	-
Singapore Dollar	83	17	-	-
	108,535	171,654	17,093	24,687

31 AMOUNTS DUE FROM/(TO) ASSOCIATE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current asset				
Amount due from an associate	60	60	60	60

The amount due from an associate is pertaining to deposits pledged for a bank guarantee issued to PETRONAS under the terms of SFRSC which had expired on 28 June 2020.

The carrying amounts of amounts due from/(to) associate are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	60	60	60	60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

32 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions with related parties of corporate shareholders with significant influence over the Company:				
- Rental paid	(1,285)	(1,285)	(464)	(464)
Transactions with an associate:				
- Income from secondment fee	-	1,449	-	-
- Reimbursement of cash call	-	6,081	-	-
- Repayment of advance given to	-	(8,580)	-	-
- Dividend received	-	(19,575)	-	-

(b) Key management compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include all the Directors of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group consists of Group Chief Financial Officer and respective Head of Departments and subsidiaries.

The details of remuneration received and receivable by key management of the Group and the Company during the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	6,148	7,205	4,124	5,495
Defined contribution plan	840	980	620	814
Other employee benefits	810	1,455	538	1,119
Fees and emoluments	580	526	580	526
	8,378	10,166	5,862	7,954

Included in the above is the Executive and Non-Executive Directors' compensation which is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

33 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment:				
Approved but not contracted for	33,800	3,000	-	-

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of current financial assets, non-current financial assets, current financial liabilities and non-current liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Company determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

35 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Financial assets at amortised cost</u>				
Trade and other receivables (excluding prepayments)	40,937	74,374	1,229	1,206
Amounts due from subsidiaries	-	-	5,013	26,040
Amount due from an associate	60	60	60	60
Cash and bank balances	143,055	172,961	3,248	14,400
	184,052	247,395	9,550	41,706
<u>Other financial liabilities at amortised cost</u>				
Trade and other payables (excluding statutory liabilities)	106,870	168,230	13,247	24,435
Borrowings	32,837	27,170	-	-
	139,707	195,400	13,247	24,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risk, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk arising in the normal course of the Group's businesses. The Directors monitor the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group.

The Directors review and agree on policies for managing each of these risks and they are summarised below:

(a) Foreign currency exchange risk

The Group and the Company are exposed to foreign exchange currency risk primarily through sales, purchases and advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk are primarily US Dollar ("USD") and British Pound ("GBP").

The Group and the Company's exposure to foreign currency risk, denominated in USD and GBP, based on carrying amount as at the end of reporting period was:

	Group	
	2021 RM'000	2020 RM'000
Trade receivables	10,492	6,105
Amount due to an associate	-	-
Cash and bank balances	57	57
Trade and other payables	(13)	(90)
Lease receivable	19,791	18,724
	30,327	24,796

The other financial assets and financial liabilities are primarily denominated in Ringgit Malaysia with the portion denominated by other foreign currencies to be insignificant.

With all other variables held constant, the following table demonstrates the sensitivity of the Group and the Company's profit after tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group and the Company.

	Profit/(Loss) before tax	
	Group	
	2021 RM'000	2020 RM'000
USD/RM - strengthen 10% (2020: 10%)	3,037	2,131
- weaken 10% (2020: 10%)	(3,037)	(2,131)
GBP/RM - strengthen 3% (2020: 3%)	910	639
- weaken 3% (2020: 3%)	(910)	(639)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rate.

The Group's income and operating cash flows' exposure to changes in interest rate risk relates primarily to the Group's bank borrowings, certain payables and deposits placed with licensed banks and financial institutions.

As at reporting date, 100% (2020: 100%) of the Group's borrowings carry floating interest rates. As such, the Group's profit and loss and operating cash flows are therefore influenced by changes in market interest rate.

At the reporting date, if interest rates had been 10 basis points lower/higher, with all variables held constant, the Group's profit after tax would have been RM76,840 (2020: RM84,902) higher/lower, arising mainly as a result of lower/higher interest expense from floating rate loans.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following table sets out the carrying amounts, the weighted average effective interest rate ("WAEIR") as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risks:

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>Group</u>						
<u>At 31 December 2021</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks	24	1.09%	109,677	-	-	109,677
<u>Financial liabilities</u>						
Revolving credits	28	4.18%	5,000	-	-	5,000
Invoice financing	28	3.55%	27,837	-	-	27,837

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk (continued)

	Note	WAEIR %	1 year or less RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>Group</u>						
<u>At 31 December 2020</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks	24	3.07%	112,072	-	-	112,072
<u>Financial liabilities</u>						
Revolving credits	28	5.07%	15,082	-	-	15,082
Invoice financing	28	8.07%	12,088	-	-	12,088
<u>Company</u>						
<u>At 31 December 2021</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks			-	-	-	-
<u>At 31 December 2020</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks		2.95%	5,300	-	-	5,300

(c) Credit risk

(i) Receivables and other financial assets

The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risks by setting appropriate credit terms and limits for customers and ensuring that sales are made to customers with good credit assessments.

The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(i) Receivables and other financial assets (continued)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets to measure the expected credit losses ("ECL"), trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The allowance for impairment represents the Group's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. The Group categorises its customers between National International Oil companies and other private oil and gas customers. The Group uses a historical credit loss experience, coupled with known changes in credit risk to determine an expected credit loss rate to individually large customers.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for both trade receivables and contract assets:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Expected loss rate %	Net RM'000	Total impaired RM'000
31 December 2021						
<u>Group</u>						
Current, more than 30 days	124,508	256	-	0.21%	124,252	256
31 to 60 days past due	169	16	-	9.27%	153	16
60 to 90 days past due	-	-	-	0.00%	-	-
91 to 120 days past due	-	-	-	0.00%	-	-
More than 120 days past due	3,094	3,094	-	100.00%	-	3,094
	127,771	3,366	-		124,405	3,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(i) Receivables and other financial assets (continued)

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Expected loss rate %	Net RM'000	Total impaired RM'000
31 December 2020						
<u>Group</u>						
Current, more than 30 days	121,117	277	0	0.23%	120,840	277
31 to 60 days past due	4,702	161	0	3.42%	4,541	161
60 to 90 days past due	1,322	574	0	43.44%	748	574
91 to 120 days past due	891	302	0	33.89%	589	302
More than 120 days past due	22,820	21,845	346	95.73%	629	22,191
	150,852	23,159	346		127,347	23,505

Credit risk concentration

As at 31 December 2021, the Group has significant concentration of credit risk in the form of outstanding balance due from 1 customer (2020: two) which is major player in the oil and gas industry, representing approximately 89% (2020: 94%) of the Group's total net trade receivables and contract assets.

(d) Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating and investing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management, must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group also depends on available credit lines to meet its liquidity requirements while ensuring an effective working capital management. Unutilised amount of credit lines as at 31 December 2021 amounted to RM78,554,000 (2020: RM128,005,730).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Note	Carrying value RM'000	Contractual undiscounted cash flows			Total RM'000
			Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	
Group						
<u>At 31 December 2021</u>						
Financial liabilities:						
Trade and other payables						
(excluding statutory liabilities)	30	106,287	106,287	-	-	106,287
Borrowings	28	32,837	33,557	-	-	33,557
Lease liabilities	29	17,278	17,745	1,128	-	18,873
		156,402	157,589	1,128	-	158,717
Group						
<u>At 31 December 2020</u>						
Financial liabilities:						
Trade and other payables						
(excluding statutory liabilities)	30	168,230	168,230	-	-	168,230
Borrowings	28	27,170	27,308	-	-	27,308
Lease liabilities	29	46,139	31,525	16,220	35	47,780
		241,539	227,063	16,220	35	243,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity and cash flow risk (continued)

	Note	Carrying Value RM'000	Contractual undiscounted cash flows			Total RM'000
			within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	
<u>Company</u>						
<u>At 31 December 2021</u>						
Financial liabilities						
Trade and other payables						
(excluding statutory liabilities)	30	13,247	13,247	-	-	13,247
		13,247	13,247	-	-	13,247
<u>At 31 December 2020</u>						
Financial liabilities						
Trade and other payables						
(excluding statutory liabilities)	30	24,435	24,435	-	-	24,435
		24,435	24,435	-	-	24,435

(e) Capital management

The Group's and Company's primary objectives in managing capital are to maximise the Group's and the Company's value by optimising their capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. In order to maintain the capital structure, the Company may adjust dividend paid to shareholders, issue new shares or sell its assets. The Group and the Company managed shareholders' fund as capital.

As required by the terms of the borrowing by a subsidiary, the Group needs to cap its leverage ratio at or below 1.5 times. Gearing ratio is derived by dividing total debts by total shareholders' fund. Total debts are the sum of all borrowings excluding lease liabilities and the shareholders' fund includes equity attributable to owners of the Group, as disclosed in the consolidated statements of financial position.

The gearing ratio is as follows:

	Group	
	2021 RM'000	2020 RM'000
Total borrowings (Note 28)	32,837	27,170
Total equity	387,090	383,468
Gearing ratio (times)	0.08	0.07

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management (continued)

No changes were made in the objectives, policies or processes in regard to the Group's and Company's management of their capital structure during the financial years ended 31 December 2021 and 31 December 2020.

The borrowings of the Group are subject to the bank's covenants, which include liquidity and solvency ratios, for which the Group have complied with.

37 SEGMENT INFORMATION

Segment information is presented in respect of the Group's segmentation of core activities. The segment information results are prepared based on the Group's management reporting structure.

Definition of the Group's segments are as follows:

(a) Services Segment

Encapsulates the Group's core activities in the area of providing services such as Hook-up Commissioning, Topside Major Maintenance, vessels management and time chartering, fabrication, subsea and underwater, as well as trading and engineering services.

(b) Marine Assets Segment

Comprise of subsidiaries which own the Group's marine assets and hold license to carry on leasing business. Major business activity is bareboat chartering of vessel internally within the Group and to third party vessel management companies.

(c) Development and Production Segment

This segment categories the Group's business activities in risk-service contracts, rejuvenation of brownfields wells, enhanced oil recovery and production service contract which expired on 20 June 2020. Subsequently, PETRONAS entered into a Technical Service Agreement ("TSA") with Petra Energy Development Sdn Bhd ("PEDSB"). Based on the scope of work of the TSA, PEDSB required to provide, operate and maintain the production, storage and offloading facilities which include Mobile Offshore Production Unit and Floating Storage and Offloading ("FSO"), wells and reservoir surveillance, production planning and forecasting, routine operation and maintenance ("O&M") of MOPU, FSO, Wellhead support structure ("WSS") and etc., logistics, inventory and warehousing management including waste management for Banang field operations. The Group's current participation in TSA is defined in this segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

37 SEGMENT INFORMATION (CONTINUED)

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Elimination RM'000	Total RM'000
<u>2021</u>					
Revenue:					
External customers	119,945	114,303	88,094	-	322,342
Inter-segment	6,708	94,912	-	(101,620)	-
Total revenue	126,653	209,215	88,094	(101,620)	322,342
Results:					
Finance income	1,832	1,999	3,973	(3,972)	3,832
Depreciation:					
- PPE	(3,933)	(18,706)	(37)	-	(22,676)
- ROU	(2,996)	-	(33,382)	5,181	(31,197)
Impairment of PPE	-	4,482	-	-	4,482
Finance costs	(2,145)	(13)	(1,608)	242	(3,524)
Share result of associate	-	-	(412)	-	(412)
Segment profit/(loss)	(4,318)	3,458	14,337	2,464	15,941
<u>Assets and liabilities</u>					
Investment in associates/ joint venture	-	-	10,650	-	10,650
Addition to non-current assets:					
- PPE	92	2,987	2,022	-	5,101
- ROU	1,331	-	-	-	1,331
Segment assets	951,753	331,798	156,662	(889,026)	551,188
Segment liabilities	(343,411)	(179,630)	(40,579)	399,522	(164,098)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

37 SEGMENT INFORMATION (CONTINUED)

	Services RM'000	Marine Assets RM'000	Production and Development RM'000	Elimination RM'000	Total RM'000
<u>2020</u>					
Revenue:					
External customers	245,328	134,739	42,295	-	422,362
Inter-segment	7,424	102,289	-	(109,713)	-
Total revenue	252,752	237,028	42,295	(109,713)	422,362
Results:					
Finance income	2,669	3,035	206	(1,039)	4,871
Depreciation:					
- PPE	(4,178)	(22,153)	(1,318)	-	(27,649)
- ROU	(4,744)	(10,495)	(17,282)	2,924	(29,597)
Impairment of PPE	-	(4,805)	-	-	(4,805)
Finance costs	(1,789)	(235)	(1,667)	271	(3,420)
Share result of associate	-	-	(110)	-	(110)
Segment profit/(loss)	4,614	1,127	29,858	(19,585)	16,014
<u>Assets and liabilities</u>					
Investment in associates/ joint venture	-	-	10,543	-	10,543
Addition to non-current assets:					
- PPE	1,669	5,855	10,501	-	18,025
- ROU	1,607	-	68,285	(11,970)	57,922
Segment assets	999,818	411,991	171,315	(945,081)	638,043
Segment liabilities	(445,331)	(290,980)	(79,284)	561,020	(254,575)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

37 SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical segmental reporting has been prepared as the Group's activities involve only one geographical segment, i.e. Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Group	
	2021 RM'000	2020 RM'000
<u>Services segment</u>		
Customer A	110,805	260,536
Customer B	8,104	7,198
	118,909	267,734
<u>Marine assets segment</u>		
Customer A	114,303	111,000
<u>Production and development segment</u>		
Customer A	88,094	42,295

38 DIVIDENDS

	Group	
	2021 RM'000	2020 RM'000
Recognised during the previous financial year:		
- Interim tax single-tier dividend for financial year ended 31 December 2021 at 4.0 sen	12,838	-
- Interim tax single-tier dividend for financial year ended 31 December 2020 at 4.0 sen	-	12,838
	12,838	12,838

On 18 February 2022, the Directors declared a single tier interim dividend of 2.0 sen per 320,947,200 ordinary shares for the financial year ended 31 December 2021 amounting to RM6,419,000 and payable on 22 March 2022.

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 13 April 2022.

LIST OF PROPERTIES

Address	Description	Status	Remaining Lease Period/ years	Date of Acquisition	Age/ Years	NBV (RM'000)
Petra Resources Sdn. Bhd. Lot 2000, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Workshop	Leasehold	21	18/07/2000	33	970
Petra Resources Sdn. Bhd. Lot 1991, Block 4 Miri Concession Land District Piasau Industrial Estate 98000 Miri, Sarawak	Workshop	Leasehold	21	18/07/2000	33	579
Petra Resources Sdn. Bhd. Lot 205312634 and Lot 205312590 at Kampung Sungai Keling Wilayah Persekutuan Labuan	Fabrication Yard (Approximately 0.2064 and 2.0882 hectares respectively)	Leasehold	965	13/02/2012	33	14,560

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022

Total Number of Issued Shares : 321,750,000 (excluding 807,800 Treasury Shares)

Class of Securities : Ordinary Share

Total Number of Holders : 3,808

Voting Rights : One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	199	5.23	5,829	0.00
100 - 1,000	992	26.05	555,604	0.17
1,001 – 10,000	1,855	48.71	9,511,770	2.96
10,001 – 100,000	678	17.80	20,861,698	6.50
100,001 – 16,047,109 (*)	80	2.10	51,014,387	15.90
16,047,110 and above (**)	4	0.11	238,992,912	74.47
TOTAL	3,808	100.00	320,942,200	100.00

Remarks: * Less than 5% of Issued Shares

** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of Petra Energy Bhd. and their respective shareholdings as at 1 April 2022 are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Shorefield Resources Sdn. Bhd.	93,212,800	29.04	-	-
Wasco Energy Ltd.	86,550,000	26.97	-	-
Urusharta Jamaah Sdn. Bhd.	29,980,112	9.34	-	-
Dato' Mohamed Nizam bin Abdul Razak	29,250,000	9.11	-	-
Shorefield Sdn. Bhd.	-	-	93,212,800 ^(a)	29.04
OBYU Holdings Sdn. Bhd.	-	-	93,212,800 ^(a)	29.04
Tan Sri Bustari bin Yusuf	-	-	93,212,800 ^(a)	29.04
Wah Seong Corporation Berhad	-	-	86,550,000 ^(b)	26.97
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	86,550,000 ^(c)	26.97
Tan Kim Yeow Sendirian Berhad	-	-	86,550,000 ^(d)	26.97
Tony Tan @ Choon Keat	-	-	86,550,000 ^(d)	26.97
Tan Chin Nam Sdn. Bhd.	-	-	86,550,000 ^(d)	26.97
Midvest Asia Sdn. Bhd.	1,447,000	0.45	86,550,000 ^(d)	26.97
Robert Tan Chung Meng	-	-	86,550,000 ^(d)	26.97
Chan Cheu Leong	30,000	0.01	86,550,000 ^(d)	26.97
Pauline Tan Suat Ming	-	-	86,550,000 ^(d)	26.97

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Notes:

- (a) Deemed interested by virtue of their interests in Shorefield Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 (“Act”).
- (b) Deemed interested by virtue of its direct interest in Wasco Energy Ltd pursuant to Section 8 of the Act.
- (c) Deemed interested by virtue of its direct interest in Wah Seong Corporation Berhad pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of their respective indirect interests in Wah Seong Corporation Berhad pursuant to Section 8 of the Act.

DIRECTORS’ SHAREHOLDINGS

The Directors’ Shareholdings of Petra Energy Berhad based on the Register of Directors’ Shareholdings of the Company as at 1 April 2022 are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	-	-	-	-
Abdul Rahim bin Abdul Hamid	-	-	-	-
Ng Ing Peng	-	-	-	-
Gian Carlo Maccagno	-	-	-	-
Dato’ Anthony @ Firdaus bin Bujang	-	-	-	-
Dato Ahmadi bin Yusoff	-	-	-	-
Simon Ong	-	-	-	-

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares Held	(%)
1.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR SHOREFIELD RESOURCES SDN. BHD.)	93,212,800	29.04
2.	WASCO ENERGY LTD	86,550,000	26.97
3.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. (URUSHARTA JAMAAH SDN. BHD.)	29,980,112	9.34
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK)	29,250,000	9.11
5.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR CREDIT SUISSE)	7,707,950	2.40
6.	HSBC NOMINEES (TEMPATAN) SDN. BHD. (EXEMPT AN FOR CREDIT SUISSE)	7,225,000	2.25
7.	MIDVEST PROPERTIES SDN. BHD.	6,500,000	2.03
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR SAFUANI BIN ABDUL HAMID)	4,410,000	1.37
9.	YOW KING HONG	3,050,000	0.95
10.	TAI HEE	2,050,100	0.64
11.	YONG KONG SIM	1,630,000	0.51
12.	MIDVEST ASIA SDN. BHD.	1,447,000	0.45

ANALYSIS OF SHAREHOLDINGS**AS AT 1 APRIL 2022**

No.	Name of Shareholders	No. of Shares Held	(%)
13.	RHB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI)	1,436,100	0.45
14.	RHB NOMINEES (TEMPATAN) SDN. BHD. (MD YUSOFF BIN MD ALI)	1,139,000	0.35
15.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.)	825,000	0.26
16.	NADZLEY BINTI NOORDIN	500,000	0.16
17.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR TAN WAH BENG)	468,900	0.15
18.	SANDEEP TEKINDER BHAR	460,000	0.14
19.	GAN KOK KENG	427,000	0.13
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE)	407,200	0.13
21.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR SHAHRIL BIN SHAMSUDDIN)	390,000	0.12
22.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN)	384,100	0.12
23.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR WILLIAM YII SIN CHUONG)	350,000	0.11
24.	HO FOOK SENG @ HO POCK SENG	308,000	0.10
25.	SAW HUAT SEONG	300,000	0.09
26.	ZULKIFLI BIN IBRAHIM	255,000	0.08
27.	ABDUL FARISH BIN ABD RASHID	253,100	0.08
28.	TAN BIN CHEE	250,200	0.08
29.	NAGENDRAN A/L C.NADARAJAH	250,000	0.08
30.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR EE KUANG TING)	240,300	0.07
	TOTAL	281,656,862	87.76

FORM OF PROXY



CDS Account No.: _____
No. of Shares held: _____
Telephone No.: _____
Email Address: _____

*I/We (full name), _____
bearing *NRIC No./Passport No./Company No. _____

being a member of Petra Energy Bhd. ("the Company") hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

*and

*Second Proxy "B"

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			
			100%

* or the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Sixteenth Annual General Meeting ("AGM") of the Company, to be held on a fully virtual basis at the Broadcast Venue at Meeting Room, Level 3, Menara OBYU, 4 Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 May 2022 at 11:00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No	Agenda	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' fees payable to the Non-Executive Directors amounting to RM522,000.00 from 26 May 2022 until the next AGM of the Company. (Resolution 1)		
3.	To approve the payment of Directors' benefits up to an amount of RM 63,800.00 from 26 May 2022 until the next AGM of the Company. (Resolution 2)		
4(a).	To re-elect Mr. Simon Ong, who is due to retire in accordance with Clause 117 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 3)		
4(b).	To re-elect Encik Abdul Rahim bin Abdul Hamid, who is due to retire in accordance with Clause 117 of the Company's Constitution and being eligible, had offered himself for re-election. (Resolution 4)		
5.	To approve and ratify the additional payment of Directors' fees amounting to RM130,500.00, which was in excess of the earlier approved amount of RM391,500.00, for the period commencing 21 May 2021 until the conclusion of the Sixteenth AGM of the Company scheduled to be convened on 25 May 2022. (Resolution 5)		
6.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 6)		
Special Business			
7.	Retention of Encik Abdul Rahim bin Abdul Hamid as an Independent Director. (Resolution 7)		
8.	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 8)		
9.	Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9)		
10.	Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 10)		

* Strike out whichever is not applicable.

As witness my/our hand this _____ day of _____ 2022

Signature of member

Common Seal to be affixed here if member is a corporation, if applicable

Notes:-

1. This Agenda item is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2022 shall be eligible to attend and vote at the Meeting.
3. A member entitled to attend and vote at the Meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. There shall be no restriction as to the qualification of the proxy. The proxy(ies) appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) 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.
7. The completed instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to info@sshshb.com.my, not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshshb.net.my/> before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

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Affix
Stamp
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**SHARE REGISTRAR
PETRA ENERGY BHD.
[Company Registration No. 200501036241 (718388-H)]**

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia

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